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FINANCIAL TIMES

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Saturday February 22 1986

No. 29,862

WORLD NEWS

Radioactive gas leak at Welsh plant

A nuclear power station in North Wales went on alert yesterday after 15 tonnes of "mildly radioactive" gas was released by a safety valve.

The carbon dioxide was released at Trawstynyd, Snowdonia, and isolated after 15 minutes. The plant is one of Britain's oldest.

The incident follows two recent leaks at the Sellafield nuclear plant in Cumbria. Friends of the Earth ecology group said the leak gave further proof of mismanagement in the nuclear industry.

New assault inquiry Scotland Yard launched a new inquiry into an attack by unidentified policemen on five youths in North London three years ago.

Red Brigades on attack An Italian economic official was wounded in a gun attack by Red Brigades guerrillas in Rome. His bodyguard killed one of the attackers.

Caracas generals held A Venezuelan military court arrested two retired generals on charges of corruption while they were Defence Ministers.

Rape case guidelines Rapists should be jailed for at least five years unless they pleaded guilty or are under 21, or here are mitigating circumstances, Lord Lane, Lord Chief Justice, said.

Secrets charge Retired US naval commander John Bothwell of Bath was remanded in custody for a week at Bow Street Court, London, after being charged under the Official Secrets Act.

Hastings for Telegraph Falklands war reporter Max Hastings will take over as editor of the Daily Telegraph on March 10. Columba, Penguin editor, will become editor of the Sunday Telegraph.

Three die as boat sinks Three men died and 15 were missing after a French trawler sank off the Outer Hebrides. Nine were rescued.

Curbs for sponsors The Government is to try to restrict the television exposure won by tobacco companies sponsoring sports events.

Flood hits California Floodwaters broke a levee on the Yuba river, forming a huge lake in north-central California and driving 20,000 people from their homes.

Sweden in border talks Sweden and the Soviet Union agreed to restart talks on a 17-year border dispute.

China to try hijacker China is to try a Soviet pilot who hijacked a Soviet civil aircraft which later landed in China.

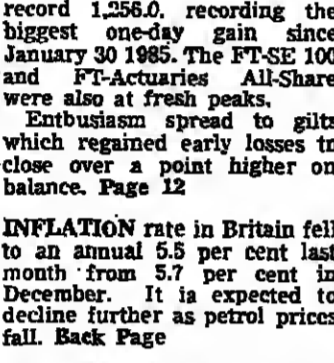
Getting flying home England cricketer Mike Gatting is to return home from the West Indies for a specialist to examine his broken nose.

Continuing chilly Racing was called off for the 18th consecutive day, and the cold weather was forecast to continue into next week.

BUSINESS SUMMARY

FT Index surges 22.8 to record

LEADING London stocks resumed their record-breaking surge after a mid-week consolidation. Aggressive overnight US buying provided a good opening and the FT Ordinary Share Index moved steadily higher to close 22.8 up at a record 1,256.0.



INFLATION rate in Britain fell to an annual 5.5 per cent last month from 5.7 per cent in December. It is expected to decline further as petrol prices fall.

DOLLAR rose sharply in the Far East before drifting down in quiet trading in London, where it closed at Y182.3.

RUMBLEWS, electrical retail chain owned by Thorn EMI, is to leave the television rental business with the loss of 650 jobs.

ELECTRICITY industry could save £50m a year and cut prices by 7 per cent if permitted to increase coal imports to 30m tonnes a year.

BRITISH TELECOM is set to proceed with acquisition of a 51 per cent holding in Mitel of Canada after giving undertakings on UK market share.

STOCKHOLM Stock Exchange trading in Permenta, the troubled Swedish biotechnology group, was suspended indefinitely.

SOUTH AFRICA's annual inflation rate, as measured by the consumer price index, rose in January to a record 20.7 per cent.

PETROL tax might be raised by 15p a gallon in the Budget, forecast Dr Paul Neill, senior director of stockbroker Phillips & Drew.

STOCK EXCHANGE, after an inquiry into share deals in Good Relations, accused Maureen Smith, the ex-deputy chairman of the public relations agency, insurance broker Christopher Moran and London broker Simon & Coates.

PARIBAS, French state-owned financial and industrial concern, plans to raise a record FF 2bn (£195m) in capital on the Paris bourse.

RIO TINTO-ZINC sold its 19 per cent stake in Gevoor Tin Mines, Cornwall. The buyer is understood to be Pioneer International Trust, represented by Swiss-based businessman Edward Nassar.

Banknotes in triplicate add to Filipinos' confusion

FILIPINOS, bemused by the results of a dubious presidential election, are beginning to suffer from triple vision, writes Chris Sherwell in Manila.

Over the past few days apparently genuine banknotes carrying identical serial numbers have appeared in circulation to the embarrassment of the authorities.

The notes in the two highest denominations, 100 pesos and 50 pesos, have been used by prominent President Ferdinand Marcos, already under siege for his handling of the February 7 elections, as evidence that his government was prepared to go to any lengths to buy victory.

P41bn between the beginning of December and February 9. This figure is well over the target of P37bn agreed with the International Monetary Fund for the end of March.

Mexico set to unveil economic package

BY ROBERT GRAHAM, DAVID GARDNER AND STEWART FLEMING

MEXICO'S President, Miguel de la Madrid, was last night preparing to announce an emergency package of economic measures forced on his government by the continued collapse of international oil prices.

This has raised the possibility of agreement on a new arrangement under Washington's auspices to meet Mexico's pressing needs for fresh funds and resolve the problem of its debt service obligations.

Mr de la Madrid's announcement will be broadcast live, and he is expected to be accompanied by his full Cabinet, all 31 state governors and senior representatives of the ruling Institutional Revolutionary Party.

Measures are expected to include a new round of cuts in the already sharply reduced 1986 budget, an acceleration of plans to privatise some state companies, continuing restrictions on credit to the private sector, and further attempts to liberalise trade.

Mr de la Madrid has decided to act before next week's meeting of the 11-nation Cartagena group of Latin American debtors called for an emergency session in Punta del Este, Uruguay.

Throughout this week top Mexican economic officials are known to have been considering a range of options in addition to structural changes in the economy.

Morgan Grenfell asked to explain share deals

BY MARTIN DICKSON

THE Stock Exchange intervened last night in Britain's two biggest takeover bids to ask Morgan Grenfell, the merchant bank, to clarify the relationship between itself and two clients.

Morgan's share purchases were at about the 25 per cent mark. In response to the Stock Exchange request, Morgan last night confirmed it had indemnity agreements with Distillers and Argyll as was customary practice.

However, it rejected the argument that this meant shareholders' approval had to be obtained for the share purchases.

Guinness is making an agreed £2.3bn takeover bid for Distillers, the spirits group, in the face of a rival offer from Argyll, the supermarkets business. United Biscuits is making an agreed £2.4bn bid for Imperial Group, the tobacco, food and brewing company, against a rival bid from Hanson Trust.

Morgan Grenfell has spent about £360m buying shares in Imperial and £70m buying shares in Distillers. This prompted both Hanson Trust and Argyll to make representations to the Stock Exchange, seeking clarification of Morgan

It also rejected as wrong claims by the Argyll camp that it had been prevented from buying Distillers shares yesterday following a warning from the Stock Exchange about the 25 per cent limit. Morgan said it had been offered Distillers shares but had chosen to reject them on grounds of price.

Grosvenor loses fight for leaseholds

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

THE Duke of Westminster yesterday lost his five-year battle to prevent long leasehold tenants buying the freehold of their homes. The defeat is a severe blow to Britain's wealthiest landlord but will enable thousands of leaseholders to press on with plans to enrich themselves by purchasing their properties.

The European Court of Human Rights in Strasbourg yesterday rejected the Grosvenor Estate's claim that the 1967 Leasehold Reform Act unfairly confiscates property at knock-down prices. So far, the estate has been forced to sell more than 200 homes to tenants and has been claiming £2.5m compensation in respect of 80 of its 1,400 Belgravia residential properties.

Mr Jimmy James, executive trustee of the estate, said last night: "All landowners, large and small, will be deeply disappointed by the court's decision. An individual will continue to have the right to buy his landlord's freehold at a price artificially 'depressed by the legislation'."

The decision leaves landlords like the Duke unable to prevent the gradual erosion of their estates. Many long leasehold tenants can still buy their freeholds, often immediately selling them to make large, tax-free capital gains.

Of particular annoyance to the 800-year old estate has been the sight of Belgravia and Mayfair residents, out best known for their financial privations, buying in freeholds and selling

their homes for £500,000 or more to realise an overnight profit of as much as £250,000. Mr Grosvenor, executive trustee of the estate, said last night: "All landowners, large and small, will be deeply disappointed by the court's decision. An individual will continue to have the right to buy his landlord's freehold at a price artificially 'depressed by the legislation'."

MARKETS

Table with market data including DOLLAR, LONDON MONEY, NORTH SEA OIL, and STOCK INDICES.

Table with market data including FT ORDINARY SHARE INDEX, FT-100 SHARE INDEX, FTSE 100 1,518.0, and HIGH CORP 10.15.

CONTENTS

Table of contents listing articles such as 'Stock markets: high on oil but wondering where next', 'Future of Land Rover: Mr Andrews tries to grab the wheel', and 'Editorial comment: patriotism is not the issue'.

WEEKEND FT



THE LORDS Behind the public debate House of Lords is again playing a major role



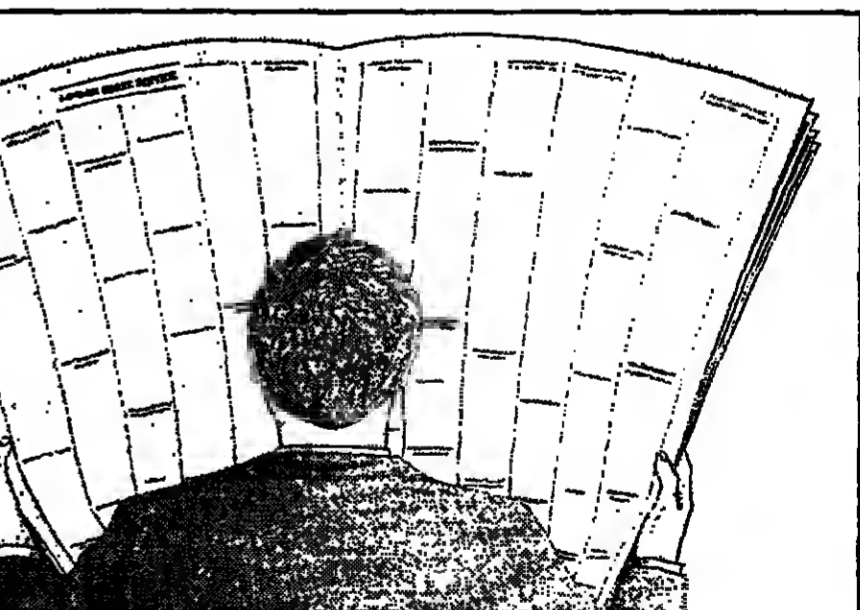
SELLING THE FUTURE NOW Did you know that you can sell a future asset to get much-needed cash now?



ANTIQUES Buying antiques is fraught with problems, but there are ways to smooth the path



FESTIVAL Italian director Federico Fellini has held high the banner of great cinema



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OVERSEAS NEWS

Missionary zeal drives Star Wars general

By Peter Marsh
I GET TURNED ON by rockets because I'm an old rocket guy...



General Abrahamson shares Reagan's vision

laboratory programme. He joined this after flying 49 combat missions as a fighter pilot during the Vietnam war.

The Soviet Union is determined to keep a permanent manned presence above the atmosphere writes Peter Marsh
How space station Mir fits in to Moscow's plans

THE LAUNCH on Thursday of the first in a new generation of Soviet space stations has confirmed the country's determination to master space technology...

KEY DATES IN SOVIET SPACE PROGRAMME

- 1957—Launch of Sputnik 1, world's first satellite.
1961—Yuri Gagarin, first man in space, makes single Earth orbit.
1971—Soviet Union launches Salyut 1, first space station.
1977—Launch of improved Salyut 6, first space station, visited by 16 cosmonaut teams until 1982.

US AND USSR SPACE RECORDS COMPARED

Table with 3 columns: Manned missions, People in space, Total flight time (person-days). Rows for USSR, US, and Total.

* Total includes three West Germans, two Frenchmen and one person from each of 14 other countries—Mexico, Canada, Holland, Saudi Arabia, India, Vietnam, Cuba, Mongolia, Bulgaria, E. Germany, Czechoslovakia, Romania, Poland and Hungary.

Soviet scientists have reported advances on the Salyut bases in producing particularly pure and structurally perfect crystals of semiconductors such as cadmium selenide.

Genscher supports proposals to remove medium-range missiles

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT
HERR Hans-Dietrich Genscher, the West German Foreign Minister, yesterday sprang to the defence of the suggestion to rid Europe of all Soviet and US intermediate-range missiles...

Philippine opposition in plea to army

By Chris Sherwell and Samuel Senoran in Manila
THE PHILIPPINES opposition yesterday called on the armed forces to disobey any orders to stamp out peaceful protests against President Ferdinand Marcos over his refusal to stand down after this month's disputed election.

Iran warns Arabs against Iraqi links

BY TONY WALKER IN TEHRAN
IRAN yesterday issued a strong warning to other Arab states of the Gulf against future collaboration with Iraq, saying that the present offensive and occupation of Iraq's southern provinces was aimed at reinforcing this message.

S. African inflation hits record 20.7%

SOUTH AFRICA'S inflation rate as measured by the consumer price index rose to a record 20.7 per cent in January casting a shadow over the scope for further stimulation of the economy in next month's budget...

Sweden, USSR plan border talks

BY DAVID BROWN IN STOCKHOLM
SWEDEN and the Soviet Union have agreed to re-start difficult negotiations aimed at finding a solution to the border dispute which has simmered between the two countries for 17 years.

Iran warns Arabs against Iraqi links

Iran yesterday issued a strong warning to other Arab states of the Gulf against future collaboration with Iraq, saying that the present offensive and occupation of Iraq's southern provinces was aimed at reinforcing this message.

Red Brigades in Rome attack

BY JAMES BUXTON IN ROME
ITALY'S Red Brigades, the left-wing terrorist movement, whose strength reached its climax in the early 1980s, struck in Rome yesterday — their second attack in only 11 days.

Iran warns Arabs against Iraqi links

Iran yesterday issued a strong warning to other Arab states of the Gulf against future collaboration with Iraq, saying that the present offensive and occupation of Iraq's southern provinces was aimed at reinforcing this message.

Argentina agrees pact with IMF on economic targets

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT
ARGENTINA has reached agreement with the International Monetary Fund on new economic targets for the first quarter of this year that will unlock some \$265m in loans from a special January.

India army quells riot

The Indian army was yesterday called out in Anantnag town in the northern state of Kashmir and shoot-at-sight orders were issued to quell disorder following incidents of looting and arson in several towns in the state.

Honecker may make Bonn visit

Mr Horst Sindermann, president of the East German Parliament yesterday wound up the "official" section of his current visit to West Germany, holding out the likelihood of easier ties between the two states, and a visit by Mr Erich Honecker, the East German leader, soon, Rupert Cornwell reports.

Kohl to face new probe

PUBLIC prosecutors in the Rheinland Palatinate have formally notified the Bundestag that they are opening a criminal investigation into allegations that Chancellor Helmut Kohl lied to a parliamentary committee in the state probing a political payments scandal.

Argentina agrees pact with IMF on economic targets

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Nigerians released

Nigeria has ordered the release of a number of those arrested in connection with a plot to overthrow the military government last December.

China prosecutes Soviet pilot for hijacking aircraft

BY ROBERT THOMSON IN PEKING
THE Chinese Government yesterday announced that a Soviet pilot would be put on trial in Peking for hijacking a Soviet civil airliner which later landed in China.

US personal income declines

Americans' personal income fell 0.1 per cent in January, the first decline in eight months, while consumer spending dropped an even sharper 0.4 per cent, the US Commerce Department said yesterday, AP reports.

Nigerians released

Nigeria has ordered the release of a number of those arrested in connection with a plot to overthrow the military government last December.

Handwritten Arabic text at the bottom of the page.

UK NEWS

Racing counts the cost of 16 lost days

By Alan Forrest
HORSE racing is counting the cost of its 16th consecutive lost day, the worst interference by the weather since 1963...

Good Relations share deal censured by SE inquiry

BY LIONEL BARBER
THE STOCK EXCHANGE inquiry into share dealing in Good Relations, the public relations and advertising agency, has resulted in censure of Miss Maureen Smith...

Nuclear plant put on alert after leak

By Maurice Samuelson
A NUCLEAR power station in north Wales was put on alert yesterday after 15 tonnes of "mildly radioactive" gas were released by a safety valve...

Television rental companies tune to a changing world

MERGERS, closures, and job losses have substantially changed the face of the once conservative high street television and video recorder rental business. Yesterday Rumbelows, part of Thorn EMI, announced it was getting out of the rental business...

Lawson 'may raise petrol tax'

BY ERIC SHORT
MR NIGEL LAWSON, Chancellor of the Exchequer, could well raise the tax on petrol by 15p a gallon in the forthcoming Budget, said Dr Paul Neill, senior director of Phillips & Drew, the stockbroker firm...

Ex-director convicted of fraud plot

BY CLIVE WOLMAN
ONE OF the three Old Bailey defendants convicted of conspiracy to defraud James Capel, the stockbroker, of £1.5m this week was Mr David Osterley, then a director and manager of the Palan Entertainment Corporation...

Irish launch for Mirror colour edition

BY RAYMOND SNODDY
Mr Robert Maxwell, publisher of Mirror Group Newspapers, said yesterday he planned to produce the entire Irish print run of the Daily Mirror in colour from Monday...



Antic-pest betting for Cheltenham has just about stopped in the last 16 days...

However, the bookmakers are not too worried. Hills, which pioneered bad weather betting, making books on odds against a white Christmas and whether it would rain on Princess Di's wedding day...

There was still a note of optimism at Cheltenham. The course stands to lose money if anything restricts the expected crowd of 100,000.

Mr Edward Gillespie, a course official, said: "We're quite perky. We'd rather have a cold freezing February than a cold freezing March."

Far dedicated racing people, the news yesterday was that today's meeting at Punchestown in Ireland is expected to be on and the BBC will televise three races live.

Next Saturday at 2.1 is favourite with hills for the resumption of UK racing.

IBA to consider Rank's Granada bid

THE Independent Broadcasting Authority has called a special meeting of its members for Tuesday to consider the position arising from the Rank bid for the Granada group.

Joe's defiant folly closes after a century of success

Arthur Smith on the reason for Lucas Electrical's wind-down



Godfrey Messervy

"JOE'S FOLLY," it was dubbed by sceptics in 1889, when Mr Joseph Lucas, a Birmingham metal worker, decided to make Great King Street the base for his company making bicycles and bicycle accessories such as bells and lamps.

However the alarm bells rang on Thursday morning. The FT was about to run a story, disclosing Great King Street was to close with the loss of 1,200 jobs. Management anxious to tell the workers first, called emergency meetings of senior shop stewards.

How to become a stag in bed

Advertisement for Investors Chronicle magazine. Text includes: "Next time there's a big new share issue, you could be among the 'winners'...", "How to build up your savings faster. How to get a bigger income. Pay less tax. How to pick the best Unit Trust. How to borrow money on your life insurance..."

Advertisement for The Army Benevolent Fund. Text includes: "'Old Soldiers Never Die...' but as they 'fade away' they so often need our help. TO: THE ARMY BENEVOLENT FUND DEPT 1, 41 QUEEN'S GATE, LONDON SW7 5HR"

UK NEWS

Tobacco companies face curbs on sports backing

BY IVOR OWEN

THE GOVERNMENT is to make fresh efforts to restrict the television exposure achieved by tobacco companies through sponsorship of sporting events...



Mr Richard Tracey: voluntary agreement to be sought

three years. Mr Tracey assured the House that the Government took breaches of the existing voluntary agreements seriously...

New head for Inland Revenue

Mr Anthony Battishill, a deputy chairman at the Inland Revenue, is to succeed Sir Lawrence Airey as chairman...

BR to shed 200 jobs at South Wales depot

BY ROBIN REEVES

BRITISH RAIL yesterday announced the closure of its Severn Tunnel Junction freight depot and other cuts involving the loss of 200 jobs...

basis in spite of the closure of 11 South Wales pits, leaving 17, since the strike ended...

Telecom offers translation lines

BRITISH TELECOM yesterday announced the start of a service offering simultaneous translation of telephone conversations...

Docklands link revised

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

PLANS FOR developing a link to join the Docklands light railway to the Underground railway system have been revised...

cope with the additional passenger traffic likely to be generated by the original proposal for an interchange at Tower Hill...

Clarity on public spending bids urged

By John Hunt

MR TONY BLAIR, a Labour Treasury spokesman, has written to Mr John MacGregor, Treasury Chief Secretary asking for clarification of the rules on public expenditure bids...

EUROPEAN COURT OF HUMAN RIGHTS

Duke's claim on leasehold law rejected

BY RAYMOND HUGHES IN STRASBOURG

THE European Court of Human Rights in Strasbourg yesterday rejected a claim by the Duke of Westminster's Grosvenor Estate that the 1967 Leasehold Reform Act violated its property rights...



Duke of Westminster

The act provides that the holders of leases for more than 21 years of houses with a rateable value not exceeding £1,500 in London and £750 elsewhere can compel their landlords to sell them the freehold at site value...

unavoidable given the broad sweep of the reform. It had not been unreasonable for parliament to have decided that landlords should be deprived of unjust enrichment...

GM rejects N Ireland project

BY OUR BELFAST CORRESPONDENT

THE POSSIBILITY of increased instability in Northern Ireland associated with the Anglo-Irish agreement is believed to have been partly responsible for the loss of an important General Motors manufacturing project...

However, senior unionists, including Mr Harold McCusker, OUI deputy chairman, dismissed as pure speculation reports that a province-wide strike in industry, transport and commerce would be called on March 3...

Government to underwrite Games spending

Financial Times Reporter

BIRMINGHAM'S bid to stage the 1992 Olympic Games has been given a boost yesterday when it was announced that the Government would underwrite any expenditure over £100m if the games were cancelled at the last minute...

Ministers launch Shops Bill campaign

BY JOHN HUNT

MINISTERS last night launched a campaign to get backing for the Shops Bill, the measure to liberalise Sunday trading which will finish its passage through the Lords next week...

changed every garden centre, food shop and even cathedral shops would have to close if a report in yesterday's Financial Times incorrectly stated that Mr Ivan Lawrence, Conservative MP for Burton, was co-ordinating the Tory backbench opposition to the Shops Bill on Sunday trading...

Whisky team to visit Japan

By Mark Meredith, Scottish Correspondent

THE SCOTCH Whisky Association is to meet Japanese Association representatives next week to press for the removal of taxes which the association claims prevent it selling to 80 per cent of the Japanese market...

No day of rest in stepped-up Sunday trading battle

David Churchill reports on a more intense phase in the opposition to unrestricted shopping

THE BATTLE to bring in unrestricted seven-day trading to high streets in England and Wales is entering an intense and perhaps decisive phase...

minor amendment showed that the issue is by no means as cut and dried as it is thought when the legislation was published last autumn...

those who are against Sunday trading on religious or other grounds that all is not lost and that MPs can still be persuaded to oppose the legislation...

ter suggested that one alternative to unrestricted Sunday opening was to allow only shops with less than three staff, plus a limited number of garden centres and do-it-yourself stores to open on a Sunday...

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ECONOMIC DIARY

MONDAY: EEC Agriculture Council meets in Brussels (until February 25). CBI monthly trends inquiry (February). European Court of Justice case against European Parliament exceeding 1986 budget in Luxembourg. TUC (until February 27). TUC-Labour Party liaison committee meets in London. EEC luncheon at Mansion House. TUESDAY: EEC Political Co-operation Council meets in The Hague. Institute of Directors hold annual conference at Royal Albert Hall. Unions see Mr Paul Channon, Trade and Industry Secretary, on British Leyland sell off.

By Order of D.H. Gilbert ACA, Liquidator of P&O Carpets Ltd. Complete winding up of one of the United Kingdoms former most prestigious and long-established internationally renowned Persian and Oriental Carpet Distributors. AUCTION OF BANKRUPT STOCK A VAST EXTREMELY VALUABLE CONNOISSEUR SELECTION-OLD CONTEMPORARY CHOICE, HIGH EXPORT QUALITIES GENUINE HANDMADE RETAIL & WHOLESALE STOCK DECORATIVE & FINE PERSIAN, TURKISH, CHINESE, CAUCASIAN, AFGHANISTAN, INDIA, PAKISTAN CARPETS, RUGS & RUNNERS. URGENT LIQUIDATION EVENING AUCTION AT 7.00 p.m. ON SUNDAY 23rd FEBRUARY INSPECTION FROM 5.00 p.m. OF THIS PORTION, ON THE PREMISES OF P&O CARPETS LTD (IN LIQUIDATION) 63 SOUTH AUDLEY STREET, LONDON W1

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UK NEWS-LABOUR

Labour MP set to lead communications union

BY DAVID THOMAS, LABOUR STAFF

MR JOHN GOLDING, Labour MP for Newcastle-under-Lyme, appears to have won the election for general secretary of the National Communications Union, the largest union in the British Telecom.



John Golding, skilled organiser

Writing among the union's 60,000 members was completed yesterday with the result due next week. However, nominations from different parts of the union suggest Mr Golding is the clear winner.

The 54-year-old MP built a reputation as the key organiser of the right while on Labour's national executive between 1978 and 1983.

He is likely to bring these organisational skills to the role of the right in the NCU. It is not clear whether he will stand down from his seat when he takes over the NCU job, which is likely to be in the summer.

The MP said he would leave it to his local constituency party but the left in the union may try to force a by-election by pointing to the union's record which states: "The general secretary shall not take

on any parliamentary duties." In 1983, Mr Golding had a majority over the Conservatives of 2,804.

If his victory is confirmed, Mr Golding said yesterday his priorities for NCU members would be "high pay and individual job security."

Mr Golding's chief opponents during the union election were Mr Phil Holt, who represented the left, and Mr David Norman,

who placed himself politically between the other two main candidates. The NCU's executive is controlled by the left. However, Mr Golding described the executive yesterday as "very divided" with a fragmentation of the left into hard and soft factions.

He said he always worked against the hard left and would be prepared to back a coalition between the soft left and the moderates, if that was necessary to defeat the hard left.

This is the first time the election of an NCU general secretary has been by a secret ballot of all the union's members.

Voting during the election appeared split on left-right grounds, although Mr Golding seems to have won substantial numbers of votes in branches and workplaces regarded as strongholds of the left.

For the left, however, Mr Holt, who is known as a supporter of Militant Tendency, does not appear to have picked up so many votes in right-wing areas of the union.

Supporters of Mr Holt and Mr Norman believe Mr Golding did well because he was publicly supported by Mr Bryan Stanley, the union's outgoing general secretary, and because he devoted considerable resources to the campaign.

Consultants withdraw from council jobs review

By David Brindle, Labour Staff

A REVIEW of the grading structure of more than 1m local authority manual workers has run into trouble with the withdrawal of the consultants commissioned to carry out the review in preparation of job descriptions.

The withdrawal almost certainly means that the review, expected to produce substantial savings for the employers as part of the manual workers' 8 per cent pay deal last autumn, will not be completed in time for the next wage talks in September.

Doubly embarrassing for all concerned is that the consultants, whose work was judged unsatisfactory by the employers and the unions involved, were the Local Authorities Management Services and Computer Committee (Lamsac).

The job evaluation exercise is one of the most complex and wide-ranging undertaken in Britain. More than 100 separate job titles are covered by the manual workers' national agreement. The exercise took two years to complete when it was last carried out in the 1960s.

To simplify the procedure this time it was decided to limit analysis to about 40 jobs involving 90 per cent of the workforce. Lamsac was commissioned to interview typical employees and draw up job descriptions.

Lamsac pulled out this week, although this work was well under way. The consultancy, which was being paid about £70,000, was not available yesterday for comment. The employers' secretariat would only say that Lamsac had lacked sufficient resources to complete the contract in the time available.

However, it is believed that the 10 joint employer-union panels set up to consider the job descriptions found Lamsac's first results below required standards—especially in view of the stress laid on the principle of equal pay for work of equal value.

In a circular to local authorities, the employers say Lamsac's withdrawal has serious implications, not least the effect it will have on the timetable for the exercise.

Partly because of the unions' dislike for commercial consultants, the two sides are likely to try to recruit a team of experts from universities to take over from Lamsac. Such a move could allow completion of the grading review to time for delayed pay talks next winter.

Redundancy notices for 412 BSC strikers

By Our Labour Staff

THE DISPUTE which has halted British Steel Corporation's Scottish tube plants deepened yesterday when BSC sent redundancy notices to 412 of the 2,200 strikers.

It was the earlier threat of the redundancies, part of the BSC survival plan for the plants, which sparked the strike at the Clydesdale works, Bellshill, Lanarkshire, and the linked Calder and Imperial works at Coatbridge and Airdrie.

Though the strike remains unofficial the Iron and Steel Trades Confederation, the main union involved plans a strike ballot on Monday and Tuesday before giving official backing.

Mr Pat Donnelly, ISTC convenor, said issuing redundancy notices was a "foolish" move by BSC. "It will make doubly certain that the men vote to continue the strike. This move has exacerbated an already tense situation."

Mr Graham said in his union's journal that the EETPU had behaved "incredibly badly" over Wapping. He added that the majority of the TUC general council did not believe the EETPU when it argued that it had no understanding with News International that if the union supplied the labour for Wapping, the company would agree a single-union deal with it.

He said: "Despite all the denials and the explanations it seemed too incredible unless there was some tacit understanding between Rupert Murdoch and the EETPU."

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He said: "Despite all the denials and the explanations it seemed too incredible unless there was some tacit understanding between Rupert Murdoch and the EETPU."

TREND OF INDUSTRIAL PROFITS ANALYSIS OF 88 COMPANIES

CONSUMER-RELATED companies with year-ends in the second quarter of last year showed faster growth than those in the capital goods sector, continuing a trend found in all but one of the previous five quarters. The analysis below shows that the profits of the 23 companies reporting in the consumer goods sector increased 34 per cent overall while those of the 34 companies in the capital goods sector fell by 8 per cent.

Table with 11 columns: Industry, No. Cos., Turnover, Profits before Int. & Tax, Pre-tax Profits, Tax, Earnings per Ordinary Share, Dividends, Cash Flow, Net Capital Employed, Net Return on Capital, Net Current Assets. Rows include Building Materials, Contracting, Electricals, Electronics, Mechanical Engineering, Metals and Metal Forming, Motors, Other Industrial Materials, Total Capital Goods, Breweries and Distillers, Food Manufacturing, Food Retailing, Health and Household Products, Leisure, Publishing and Printing, Packaging and Paper, Stores, Textiles, Tobacco, Total Consumer Group, Chemicals, Office Equipment, Shipping and Transport, Telephone Networks, Miscellaneous, Total Industrial Group, Banks, Insurance (Life), Insurance (Composite), Insurance Brokers, Merchant Banks, Property, Other Financial, Total Financial Group, Investment Trusts, Mining Finance, Overseas Traders.

NOTES ON COMPILATION OF THE TABLE. The classification is that of the Institute and Faculty of Actuaries used in the daily Financial Times—Actuaries Index. Col. 1 gives turnover, exclusive of VAT unless otherwise indicated. Col. 2 gives profits before interest and taxation, that is to say profits after all charges except loan and other interest but before deducting taxation and minority interests. Col. 3 gives the net profits accruing on equity capital after meeting 1—minority interests. Col. 4 groups all corporation tax including Dominion, Colonial and Foreign liability and future tax provisions but excluding adjustments relating to previous years. Col. 5 gives the net profits accruing on equity capital after meeting—1—minority interests. Col. 6 gives the net profit after meeting 1—minority interests. Col. 7 gives the net profit after meeting 1—minority interests. Col. 8 gives the net profit after meeting 1—minority interests. Col. 9 represents the net return on capital employed. Col. 10 represents the net return on capital employed. Col. 11 represents the net return on capital employed.

Pit unions to meet over closure

By Our Labour Staff

LEADERS of the National Union of Mineworkers and Nacods, the pit deputies' union, are to meet on Monday to consider the National Coal Board's decision to override the miners' new procedures by closing Bates Colliery, in Northumberland.

Mr Arthur Scargill, NUM president, yesterday accused the NCB of "sabotaging" the agreed review procedure by going against the independent assessor's recommendation that Bates be given a last chance to improve its results.

Speaking in Sheffield after a conference called by the Coalfields Communities Campaign, Mr Scargill said the Prime Minister had described the review procedure as sacrosanct.

He went on: "If the Government is to have any credibility, and if the Prime Minister is to stand by her words in Parliament, that the agreement is sacrosanct, then she has to say the decision to close Bates must be reversed."

Otherwise, not only is the independent review body no longer of any standing, but equally important, the Prime Minister herself will be visibly seen to have misled Parliament, the British people and Britain's miners. If that's the case she should resign."

Bates employs about 380 miners, some 200 of whom have sought voluntary redundancy. Production is due to end next week after the NCB's decision. Miners' two days ago to provide for a broader energy policy, some pits would become economic in a sense which they are not now."

Mr Scargill said: "There is a great deal of anger and bitterness among Nacods officials who put their faith in the independent review body."

Also speaking at the conference yesterday was the Rev David Jenkins, the Bishop of Durham. He said afterwards that he did not think there was a case for keeping extended collieries open on social grounds alone.

However, the bishop added: "But there is still the question of whether if you had a broader energy policy, some pits would become economic in a sense which they are not now."

Printers seek TUC action on electricians

By Philip Bassett, Labour Correspondent

PRINT UNION leaders are pressing the TUC to restrict disciplinary action against the electricians' union EETPU over its part in the News International dispute at Wapping, east London, if the EETPU has not complied with the TUC's directives on the issue.

Mr Tony Dubbins, NGA general secretary, said yesterday that he had written to Mr Norman Willis, TUC general secretary, questioning what the EETPU had done to carry out the TUC's directives—particularly the requirement that the union should inform its members at Wapping that they were taking over traditional print jobs, and that it should try, with the TUC, to set up talks with the company.

Mr Dubbins' action is in line with measures taken by Ms Brenda Dean, general secretary of the largest pit union, Sogat '82.

Mr Dubbins said yesterday the print unions would be raising the issue at the meeting next week of the TUC general council.

He was careful not to suggest that the EETPU had not complied in practice with the TUC's directives, but said evidence of its compliance should have been seen by now.

Some NGA leaders believe that the EETPU has continued to recruit both employees and members for Wapping, since

the TUC's directives were issued. If pressed, the union is ready to submit evidence to the TUC on this point. This may concern allegations circulating in the industry about the involvement, decried by the union, of EETPU officials, in dealing with former staff of the closed Crosse and Blackwell plant in the Isle of Dogs.

Others in the NGA believe that the EETPU has agreed in outline with Mr Rupert Murdoch's company a deal to cover recognition of the electricians at Wapping, but has not put it into practice for fear of falling foul of the TUC. The EETPU denies this.

Yesterday, Mr Dubbins suggested there was considerable support for a special TUC congress on the issue of the EETPU.

Strong criticism of the electricians came yesterday from a leading figure on the union centre-right, Mr Alistair Graham, general secretary of the Civil and Public Services Association.

Mr Graham said in his union's journal that the EETPU had behaved "incredibly badly" over Wapping. He added that the majority of the TUC general council did not believe the EETPU when it argued that it had no understanding with News International that if the union supplied the labour for Wapping, the company would agree a single-union deal with it.

He said: "Despite all the denials and the explanations it seemed too incredible unless there was some tacit understanding between Rupert Murdoch and the EETPU."

Ford Halewood strikers go back without gains

By David Thomas, Labour Staff

THE UNOFFICIAL strike which disrupted production at Ford's Halewood plant on Merseyside for three weeks ended yesterday.

About 1,700 Grade B operators in the paint trim and final assembly areas had struck over a regrading claim. The workers voted to return to work on Monday without having achieved their objectives.

The strike cost Ford 10,500 cars valued at £63m. Throughout, the Ford management refused to discuss the claim with the strikers.

It did not lay off other manual workers at Halewood. Ford said that the regrading claim would have added a further 4.5 per cent to the 13 per cent the workers in dispute received under a two-year pay and productivity package recently agreed with the unions.

The 1,700 strikers were isolated during their stoppage. They appeared to receive little support from the rest of the Halewood workforce.

National officials of the union went ahead with signing the two-year pay and productivity package during the stoppage.

Don Brothers, Buist PLC Interim Report, 6 months to 24th November 1985. Extracts from Chairman's statement 21st February 1986. The directors have declared an interim dividend on the ordinary shares of 1.2p per share and on preference shares of 1.75p per share which will be paid on 21st March 1986. "I am pleased to report that our production, are in good demand at home and abroad."

APPPOINTMENTS Duport makes top management changes. Duport has made the following management changes from March 1: Mr C. L. Cooke becomes chief executive engineering and miscellaneous, and Mr R. A. Moulder is made chief executive domestic products and international. Mr R. N. Jones relinquishes his directorship of Duport and his executive responsibilities within the group. He continues as non-executive chairman of Anslow and Dupont Engineering Services—and will operate in a consulting capacity in connection with special engineering projects, particularly associated with the group's metals interests. Mr M. Devey joins the group and is appointed managing director of Duport metal products interests, comprising Anslow and Dupont Harper Foundries. The Tyndall Group has been acquired by the Aetna Life and

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DAVID ANDREWS is in a race against time. He has to raise over £200m in under two weeks.

The future of Land-Rover Mr Andrews tries to grab the wheel

By Kenneth Gooding



That does not mean he will receive favourable treatment if he manages to put together a buy-out package.

Andrews is among those who believe the issue should be settled as quickly as possible.

He is a quiet, short and rather introverted man, whom one colleague has said "would pass unnoticed in a crowd of three."

He is known as a methodical manager—once objectives have been set he takes great care to get the strategy and tactics right—and has dealt calmly and ruthlessly with the rationalisation of Leyland Trucks where several factories have been closed and the workforce reduced to one-third of its original size.

But Andrews has only himself to blame for the shortage of time he has to put his proposals together—he supervised BL's long discussions with GM but has only just decided to make his own move on Land-Rover.

They will also need to approach friendly bank managers to see how much the banks will be willing to lend against the Land-Rover fixed assets—which in the 1984 report were valued at £138.5m.

They might be able to borrow against projected cash flow, as some US-owned banks in Britain are willing to consider that idea.

The rest of the money the consortium needs will have to come from investment institutions.

VENTURE capitalists sometimes say there are four projects a fund manager should always avoid: the potential cure for cancer, next year's "craze", Christmas present, the comeback of coal and national newspapers.

It is not difficult to see why the public shedding their Fleet Street inhibitions. The bubbling of the print unions and the rapid introduction of new technology have transformed the outlook for all companies with major national newspaper interests.

1985 net profit was £27m on sales of £5bn.

Management has also been forced to fight for the static pool of readers through costly marketing battles.

The high costs of entry and the inherent uncertainty of the newspaper market has, until recently, prohibited the innovative outsider.

But the Shah-led revolution could leave a far more profound mark on Fleet Street economics, as the projected figures for Shah's own paper today (launch March 4) suggest.

Why everyone wants to be in newspapers

David Goodhart on the latest City fashion

of the Mail on Sunday or £25m of the Daily Star which were printed on the Mail and Express presses respectively.

The annual running costs of Mr Shah's Today will be only about £45m, which on a comparable circulation basis is over one-third less than that of similar mid-market titles like the Express and Mail.

Each all goes well and Shah reaches his circulation target of 1m-plus, he should attract annual revenue from advertising and cover price of about £85m.

national papers have yet to show up dramatically on the bottom line, but Shah has already had two major effects.

First his under-cutting potential has galvanised Fleet Street's corporate giants.

Mr Murdoch may need every penny saved to finance the large increase in News Corporation's interest repayments following its \$1.5bn acquisition of seven American TV stations from Metromedia Broadcasting.

and Wapping by marking up the shares of United Newspapers (the public company with the biggest direct national newspaper interest and which has itself announced measures to cut costs) by more than 15 per cent.

If the City's institutional fund managers are now revising their once hostile view of national papers, the seed and venture capital specialists, the brokers and the merchant banks have also changed back Mr Andrew Whitlam Smith's, The Independent, due out in October, raised £2m of seed capital from six institutions with the greatest ease late last year.

The timing was perfect. Shah's paper had left the realms of fantasy and Maxwell had cut his workforce by 2,000. The independent enjoys other advantages. Mr Whitlam Smith, former City editor of the Daily Telegraph, is well known and respected in the City. Also the paper is very specifically targeted at the affluent young and the circulation and advertising sums look promising. An 18

person team from Saatchi and Saatchi has been closely involved in the project from the outset and helped Whitlam Smith to produce a persuasive presentation to institutions.

Mr Stephen Rose, who runs the seed capital group which organised the raising of the initial £2m tranche, says there was so initial problem stopping people putting the telephone down when he first mentioned the idea of a national paper.

Shah himself has been left with a very jaundiced view of the City, having spent the best part of 1984 failing to sell his idea to various City professionals.

But he also visited many of the other top banks and brokers and nobody was sufficiently enthusiastic to back him, ironically, he recalls, Charterhouse Jephiet, the merchant bank to

The Independent, was particularly snitty.

Shah was handicapped by his controversial image following the confrontation with the NGA at the end of 1983. And while he had a detailed and optimistic report on the project compiled by accountants Thomson McLintock he did not have the market research to back it up.

By contrast Whitlam Smith was better prepared when he first approached investors last autumn. He had already attracted the stockbroking firm De Zoete and Bevan (after some hesitation) and Charterhouse Jephiet on the strength of a 200 page report by Saatchi's, he had Mr Douglas Long, the former Mirror chief executive, as his managing director; Mr Chris Barton, formerly of Portsmouth and Sunderland, as his finance director; and Mr Adrian O'Neill (ex-TV Times) as the advertising manager. He had a business plan, a marketing plan and a launch plan.

Shah was eventually obliged to raise the main bulk of his £2.5m investment capital from the Edinburgh institutions such as Ivory end Sime and the Scottish Investment Trust. Other backers, such as British and Commonwealth and Trust House Forte, may have savoured the industrial politics involved.

most as much as Shah—a total of £18m—despite the subcontracting of the printing. That is partly because he is planning to employ more journalists but also because he has been more conservative than Shah in most of his estimates.

For all the improvement in cost structures, new newspapers are likely to remain high risk and no place for the steady investor.

While Eric de Bellaigue reckons that the imminent price cutting war will "merely delay the process by which savings are passed through to the bottom line, others are less sanguine. They doubt that fresh readers can be drawn back to newspapers as easily as some of the newcomers are hoping.

For the first wave of investors who have dared to support Shah and Whitlam Smith, the gamble looks at least reasonable. But as Mr Bill Stuttford, chairman of the Framlington group, says, his "halfway house" is "there is no everything or make several times what we put in very quickly."

Land Rover's future

From Mr M. Whiffin Sir, I was disappointed in your leader comment (February 19) on "why Land-Rover is not Jaguar."

I think you have committed the sin of assuming that US investors will view Land-Rover as it is rather than what it could be, given adequate capital support and that public issue would fail.

You are right to draw attention to the considerable engineering resources which will have to be given to Land-Rover if it is to compete effectively, not only across the full four-wheel-drive range but also in the lower-end market share in the growth of the lighter end of the market, where the Japanese have exploited a niche with such vehicles as the Nissan Patrol.

I always wondered why the Mini Moke was never fully developed, as that vehicle could have become what the Japanese now produce so well—the Range Rover. I consider the potential within the US for the Range Rover to be way ahead of the estimates of 4,000 annually that this company is assuming.

Market research has shown that more than 80 per cent of Americans are aware of the Land-Rover/Range Rover name. This must be a record for a product which many Americans have never seen in the flesh. Are we incapable of capitalising on this finding? Surely a more realistic Range Rover sales figure for the US and Canada would be 20,000 annually.

Additionally, you did not examine the effects of currencies. With the rapid revaluation of the yen, now at a realistic level for the first time for decades, the Japanese will no longer be able to penetrate the easily Land-Rover's traditional markets and in particular they will find the going much harder in the States.

Letters to the Editor

lessly unrealistic to suggest that the entire workforce be invited to buy the business under management leadership? It may be argued that while an employee buy-out of Land-Rover may be at least theoretically possible, the same does not apply to the less-making Leyland Trucks.

But that second judgment ignores recent American experience. The most famous US example of employee ownership producing a commercial turnaround is that of the Associated Press, which was associated not with the motor industry but with steel making, in the shape of Weirton Steel.

On the other hand, it is worth recalling that the final package which staved off disaster at Chrysler, and then led to a brilliant recovery, included a financial buy-out of employee ownership. Moreover there is an impressively long and growing list of cases in the US in which employees and their union representatives have been prepared to trade major concessions in return for a slice of the action.

Perhaps our trade union and shop-floor cultures are such that what is now almost a matter of course in the US is simply out of the question in the West Midlands. But it is unreasonable to suggest that the shop-floor at Land-Rover and Leyland Trucks should at least be asked whether they would prefer to buy the business themselves rather than being "sold with the furniture" to General Motors or indeed to any other third party?

From Mr J. Campbell Sir, Anyone seriously suggesting that the sale of Land-Rover to General Motors will mean an increase in sales of British-made Land-Rovers in the US must be living in cloud-cuckoo land.

Yes, Land-Rovers will be sold in the US but (like Harrier jump jets) they will be made there, too.

Where life is a freeze

From Mr A. D. Baxter Sir, After reading Patrick Cockburn's article on travel and accommodation in Siberia (Weekend FT, February 15) I felt it my duty to inform every one eagerly going to make reservations for trips to the Soviet Union it is not all like Yakutia.

I have recently had the experience of going on a school band tour (one of the musicians) to Leningrad, Kallnio, Moscow and Kiev.

Obviously the trains in Siberia are so luxurious as to take the passengers' minds off the conditions outside, but in more temperate regions the staff do not bother to be so warm and friendly. Our compartment was definitely not big, four people sleeping in space which would have been cramped for two.

And so I come to the food. I would agree with Mr Cockburn that trains are to Soviet travel as soup is to Soviet cooking; the soup was almost as uniformly nasty as the trains. Typical hotel soup consisted of lumps of fat floating in a thin, watery liquid, with some vegetables thrown in.

It is very noticeable that on day ticket waters where anglers do not regard the water as "theirs," cheating is not unknown. With unlimited access to the best fishing, those waters would quickly be denuded of fish and the millions of pounds which anglers bring to the economy of Scotland and Wales would be lost.

Mr Cherrington forgets that in the US, Canada and New Zealand fishing is often confined to remote areas where there is far less fishing pressure. In some places where unlimited fishing is allowed stocks have seriously declined and in any event it is an offence to sell fish caught by rod and line in the US.

Risks of unlimited fishing

From Mr J. S. Davison Sir, John Cherrington ("Poachers have votes, too," February 15), suggests that fishing in Britain should be nationalised and not belong to individual riparian owners.

While I have never caught a salmon nor fished the famous heats of the River Test, I could not disagree more. If unlimited access to fishing were to be allowed, the best waters would quickly deteriorate by over-fishing.

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Mr Cherrington forgets that in the US, Canada and New Zealand fishing is often confined to remote areas where there is far less fishing pressure. In some places where unlimited fishing is allowed stocks have seriously declined and in any event it is an offence to sell fish caught by rod and line in the US.

The real answer lies in ensuring our rivers are clean and pure. Netting, abstraction and poaching must be strictly controlled so there is more fishing not only for millionaires but also for ordinary people

Income tax anomalies

From Mr E. Curney Sir, Samuel Brittan's article (February 11) was up to his usual standard in that he identified in a table not only the issues but also the ridiculous anomalies in our present income tax and social security systems.

His table also clearly indicates that the reform proposed in the White Paper does nothing to simplify the system or correct the anomalies.

How ridiculous that the "novert tran were eernr"

ADVERTISMENT BUILDING SOCIETY RATES

Table with columns for Society Name, Share, and Rate. Includes societies like Abbey National, Ald to Thrift, Alliance and Leicester, Anglia, Armsley, Bradford and Bingley, Bristol and West, Britannia, Cardiff, Catholic, Century (Edinburgh), Chelsea, Chatterton and Gloucester, Chestnut, City of London (The), Coventry, Derbyshire, Frome Selwood, Gateway, Greenwich, Guardian, Halifax, Heart of England, Home Hamstead, Hendon, Hinchley and Rugby, Lambeth, Laxington Spa, Leeds and Holbeck, Leeds Permanent, London Permanent, Midlands, Mornington, National Counties, National and Provincial, Nationwide, Newcastle, Northern Rock, Norwich, Petcham, Peterborough, Portsmouth, Property Owners, Ragmay, Scarborough, Skipton, Stroud, Sussex County, Thirt, Town and Country, Wessex, Westleigh, Yorkshire.

UK COMPANY NEWS

BT proceeds with Mitel acquisition

BY JASON CRISP

British Telecom is now set to go ahead with its £320m (£159m) acquisition of 51 per cent stake in Mitel, the troubled Canadian manufacturer of private automatic branch exchanges (PABX).

The undertakings have been given as a result of a Memorandum and Mergers Commission report which found that the acquisition was not in the public interest. The Commission recommended that the bid should be allowed to go ahead on condition that BT stopped selling Mitel products in the UK.

BT after discussions with the director general at the Office of Fair Trading who was advised by Prof Bryan Carstern, his counterpart at the Office of Telecommunications.

BT can buy products from Mitel which are not manufactured and available in the UK at present. It is limited in the sale of new products to 15 per cent of the UK market or 50 per cent of the value of 1985 sales of existing products, whichever is the higher.

RTZ sells its 19% stake in Geovor Tin

By Kenneth Marston, Mining Editor

Rio Tinto-Zinc Corporation has sold its holding of 18.8 million shares, or just over 19 per cent, in Cornwall's tin-producing Geovor Tin Mines.

Pension contribution cut will boost Thorn EMI

BY CHARLES BATCHELOR

Thorn EMI, the hard-pressed electronics and leisure group, yesterday joined the growing list of companies to announce plans for a reduction in pension contributions which will boost its profits by £9m-£10m a year for the next three years.

Thorn last month announced a slump in first-half pre-tax profits from £50.2m to £11.4m. From the year ending March 1986 are expected to be about £90m, down from £156.8m last time.

employees are members of its pension fund, which has more than 16,000 pensioners on its books. Many companies have found their pension schemes in a strong financial position in the wake of buoyant stock markets, low rates of wage increases, falls in their workforces and lower inflation.

Exports bolster Distillers' profit forecast

BY DAVID GOODHART

Distillers yesterday released a number of key export statistics to underpin its profit forecast of at least £250m announced alongside Guinness's new bid on Thursday.

The Distillers volume increase for de-luxe brands, such as Johnnie Walker Black Label, is 11 per cent with a particular rise in South America. Because of the general expansion in the export of de-luxe brands relative to down market ones the overall value of Scotch whisky exports for the whole UK has gone up by 6.7 per cent.

Guinness hit back at a letter published in the Financial Times yesterday from Lord Spens, part of the team of financial advisers opposing Arthur Bell in its failed application to sell its year's takeover.

Guinness stressed yesterday that the planned investment of five brands was not just designed to avoid a reference, but would have been undertaken anyway on marketing grounds.

Guinness hit back at letter

BY DAVID GOODHART

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Borthwick severs NZ link

BY LIONEL BARBER

Thomas Borthwick, the international food, meat, and trading group, has sold its New Zealand operations for £26m, severing a connection which goes back more than 100 years.

The deal which is conditional on the approval of Borthwick's shareholders and others, will realise around £20.5m net of expenses and will further reduce the group's borrowings.

land Government decided late last year to switch responsibility for meat marketing from the Central co-ordinator, the Meat Board, back to the private sector. "It was very sudden and the Government set a very tight deadline," said Mr Robertson. "We thought we would leave others to cope with this change."

High-Point Services in £3m cash call

BY DAVID GOODHART

As well as higher taxable profits for the first half of the year, High-Point Services Group, the US-quoted provider of professional advisory, management and financial services, announces a £3m rights issue.

Spurs profits go marching on

BY FRANK KANE

Tottenham Hotspur, the only football club with a public listing, yesterday reported a deficit of £528,000 for the six months ended November 30 1987, and dropped the interim dividend.

There was a deficit of £72,000 on the transfer account, but the chairman said that this is currently in the black and is expected to remain so.

They offer no real end to the nightmare, at least this year. The first half always underperforms, as it takes in three non-playing and therefore non-revenue months, and the second will trade profitably — but not enough to eliminate the deficit.

Cavenham goes into liquidation

By Alice Rawsthorn

Sir James Goldsmith's Generale Occidentale of France intends to put its subsidiary, Cavenham, into members' voluntary liquidation in order to simplify the group structure.

Thomson T-Line's 5-for-3 rights to raise £2.5m

BY DAVID GOODHART

Thomson T-Line, the loss-making timber merchant 61.5 per cent owned by Mr Julian Askin and Mr Hugo Biermann, is planning to raise about £2.5m in a five-for-three rights issue.

and will be left with a stake of 35 per cent when it is complete. The company is continuing to incur losses which amounted to £286,939 in 1987. Borrowings have risen to £1.54m and the proceeds of the rights issue will go to eliminating those borrowings.

Coats resists bid cost claim by Dawson. Coats Patons will strongly resist any claim from Dawson International for underwriting fees following its decision to merge with fellow textiles concern, Vantona Viyella, rather than Dawson.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns for EQUITY GROUPS & SUB-SECTIONS, Fixed Interest, and Average Gross Redemption Yields. Includes sub-sections like CAPITAL GROUPS, SAVING GROUPS, and various industry-specific indices.

Polypipe's shares touch high as profits rise 39%

BY DAVID GOODHART

Polypipe's shares, one of last year's best performing newcomers on the US31, yesterday touched a high of 270p after the group announced a 39 per cent increase in interim profits.

Courtney Pope up 25% and set for record

BY DAVID GOODHART

Courtney Pope (Holdings), showing and electrical group, pushed pre-tax profits up 25 per cent from £800,000 to £1m for the six months ended November 30 1987, and directors say it looks set to produce a 9 per cent increase in 1988.

City Estates placing to raise £1.3m

BY DAVID GOODHART

CITY SITE ESTATES, the property investment group, is raising £1.3m after expenses by way of a placing of 1m shares at 135p each.

McKechnie's S & N deal

BY DAVID GOODHART

McKechnie Brothers the West Midlands non-ferrous metal and plastics group, facing a hostile £10m bid from Williams Holdings, yesterday announced it had extended its plastic interests with the agreed acquisition of Plastic Box, for £3.7m cash.

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Table listing companies and their dividend payments, including Courtney Pope, Doon Bros, Elenderry Shoes, and others.

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INTERNATIONAL COMPANIES AND FINANCE

Paribas to raise record FFf 2bn

BY DAVID MARSH IN PARIS

COMPAGNIE Financiere de Paribas, the French state-owned financial and industrial group, yesterday announced a record FFf 2bn (\$322m) capital raising exercise on the Paris bourse.

Benedetti takes 19% stake in Valeo

By Alan Friedman in Milan and Paul Betts in Paris

CIR, the holding company of Mr Carlo de Benedetti which owns key share stakes in Olivetti and other important companies, is paying FFf 500m (\$77m) for 19.4 per cent of Valeo, the French motor components group which is Europe's second largest in the industry.

Fermenta share trading suspended

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

TRADING in Fermenta shares on the Stockholm Stock Exchange was halted yesterday for the second time in a week following the turbulent dealing of recent days in which the market capitalisation of the Swedish biotechnology and chemicals company has been more than halved.

Mr Bengt Ryden, head of the Stockholm Stock Exchange, will review the suspension again on Monday morning. The Stock Exchange said that it had decided to investigate the manner in which Fermenta has published information about its activities to determine whether it has infringed against its listing agreement.

Inspectorate is investigating the purchase in recent days by Mr Refaat El-Sayed, the majority shareholder in Fermenta, of 4m additional Fermenta shares to check that the purchase does not infringe against the country's laws on insider trading.

SIA profit surges at nine months

By Steven Butler in Singapore

SINGAPORE International Airline's after-tax profit almost doubled to S\$350m (US\$116m) in the nine months ending in December. The figures are the first since the highly-publicised partial flotation of SIA shares in late November.

Daimler-Benz to boost output

BY JOHN DAVIES IN FRANKFURT

DAIMLER-BENZ, the West German motor concern, is planning to further "considerable increase" in car output this year to meet strong demand in domestic and foreign markets.

well over DM 60bn, making it Germany's biggest industrial concern. Daimler has not yet disclosed its profit for last year but has long been hinting at generous dividend treatment for shareholders to coincide with its centenary celebrations this year.

Hong Kong bank in HK\$241m rights issue

By David Dodwell in Hong Kong

THE DAO HENG BANK, a small Hong Kong bank controlled by the Kwek family's Hong Leong company based in Singapore and Malaysia, is to have its paid up capital boosted by HK\$150m (US\$19m), with a further HK\$90m for new investment.

Singapore SE eases lifeboat fund rules

By Our Singapore Staff

MEMBER FIRMS of the Singapore Stock Exchange have signed an agreement easing the terms under which they might dip into a S\$150m (US\$33m) lifeboat fund designed to prevent default on forward share purchase contracts.

EUROPEAN OPTIONS EXCHANGE table with columns for Series, Vol., Last, and Stock prices for various options.

Valeo's 1985 group turnover was around FFf 12bn. It has 28,000 employees and 110 factories in 16 countries in Europe, the US, Latin America, Africa and Japan.

Sheller-Globe board backs revised bid

By Our Financial Staff

THE BOARD of Sheller-Globe, an Ohio-based manufacturer of vehicle parts and office products, has approved a take-over proposal worth about \$450m.

Cominco passes dividend

BY ROBERT GIBBENS IN MONTREAL

COMINCO, the mining and metals arm of Canadian Pacific, has passed its common stock dividend for the first time to conserve cash in the face of continuing depressed commodity markets.

Astra to increase payout

BY DAVID BROWN IN STOCKHOLM

ASTRA, Sweden's leading pharmaceuticals group, reports that profits before extraordinary items, allocations and tax rose by 26 per cent to SKr 1.01bn (\$188m) for 1985, compared with SKr 801m for the previous year.

Addidas increases turnover

ADDIDAS increased its world group turnover last year, enabling it to hold its position as the world's leading sports equipment supplier, Reuter reports from Munich.

Mr Horst Dassler, deputy chairman, said turnover rose to over DM 4bn (\$1.7bn) for the first time from DM 3.9bn in 1984.

Royal Air Force Benevolent Fund repays the debt we owe



The Royal Air Force reached a peak strength of 1,200,000 in 1944 and more than 1 1/2 million men and women served during the war years.

Thousands did not come back. Many lie in the forgotten corners of earth and sea. Many thousands more were left disabled - mentally and physically.

Each year demands on the Fund are increasing as the survivors of World War II and their dependants grow older and increasingly vulnerable to infirmity and economic hardship.

We need your help. Every donation we receive means we have more to give. Please remember the Fund in your Will; advice on legacies, bequests and covenants is gladly given.

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US QUARTERLIES

Table of US quarterly financial data for various companies including Bear Stearns, GEICO, and others.

BASE LENDING RATES

Table of base lending rates for various banks and financial institutions.

Granville & Co. Limited

Member of The National Association of Security Dealers

8 Lovat Lane London EC3R 8BP Telephone 01-621 1212

Over-the-Counter Market

Table of over-the-counter market data including company names, prices, and yields.

River & Mercantile Trust PLC

CONTINUED ADVANCES FOR ASSETS AND INCOME

1985 RESULTS

The River & Mercantile Investment Trust closed 1985 with total group assets of £87.3m. Successful currency management contributed significantly to the 16.6% increase in net assets.

Table showing 1985 results for River & Mercantile Trust PLC, including Dividend, Net Asset Value, and Share Price.

ONE YEAR PERFORMANCE

The Company continues to provide a substantial total return to Shareholders by maintaining its above average yield in relation to the Financial Times Investment Trusts Index.

Table showing one year performance metrics for River & Mercantile Trust PLC.

INVESTMENT AND DIVIDEND POLICY

Chairman, Mr Antony Foucar, said that "we will continue to aim at producing a strong growth in both assets and earnings. Our strategy of gradually redeploying some of our funds from the UK into overseas markets, which we anticipate will enhance our capital performance, continues subject to the overriding requirement to preserve the purchasing power of dividends."

If you would like a copy of the River & Mercantile Annual Report, please telephone Miss Vivien Gould or write to: RIVER & MERCANTILE TRUST PLC, 7 Lincoln's Inn Fields, London WC2A 3BP. Tel: 01-405 7722/5.

European Assets Trust

The net asset value at 31st January 1986 was 0F15.73

LADBROKE INDEX 1,249-1,253 (+15) Based on FT Index Tel: 01-427 4411

G. B. C. Capital Ltd

The net asset value at 31st January, 1986 was £92.79

WORLD STOCK MARKETS

NEW YORK

Table of New York stock market data including various stock prices and indices like Dow Jones and S&P 500.

Table of international stock market data for countries such as Canada, Australia, Japan, and Europe.

Up-surge sends Dow near 1700

Stock prices were lifted sharply on Wall Street yesterday following futures-related programmes, cheaper oil and lower interest rates.

Up-surge sends Dow near 1700

By the Dow Jones Industrial Average moved up 17.55 to a new peak of 1690.37, making a rise of 25.92 in the holiday shorted week, while the NYSE All Common Index, a record \$129.13, was added.

Up-surge sends Dow near 1700

Some brokers said it was unlikely the rebound by Export-Oriented issues represented a fundamental turnaround.

Up-surge sends Dow near 1700

Share prices rose to active trading as buyers shifted focus from Domestic-Oriented shares to recently weak Export-Oriented Electronics.

NEW YORK INDICES

Table showing New York stock indices including Dow Jones, S&P 500, and various market activity metrics.

NEW YORK INDICES

Table showing international stock indices for various countries like Australia, Belgium, Denmark, France, Germany, Hong Kong, Italy, Japan, Netherlands, Norway, Switzerland, and Singapore.

Closing prices for North America were not available for this edition.

Table of closing prices for North American stocks.

Closing prices for North America were not available for this edition.

Table of closing prices for European stocks.

Closing prices for North America were not available for this edition.

Table of closing prices for Japanese stocks.

Closing prices for North America were not available for this edition.

Table of closing prices for Asian and other regional stocks.

NEW YORK ACTIVE STOCKS

Table of active stock trading in New York, including volume, price changes, and market activity.

NEW YORK ACTIVE STOCKS

Table of active stock trading in New York, including volume, price changes, and market activity.

Large table of international stock market data, including prices and changes for various countries and regions.

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CURRENCIES and MONEY COMMODITIES and AGRICULTURE

FOREIGN EXCHANGES Siren boosts the dollar

The dollar rose sharply in the Far East yesterday and then drifted down during quiet European and early New York trading. The main event of the day was an air raid...

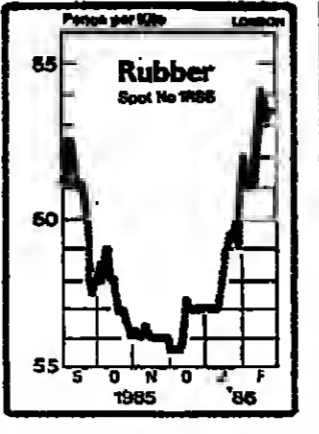
£ IN NEW YORK

Table with columns: Latest, Feb. 21, Prev. close. Rows include 1 month, 3 months, 6 months, 12 months, Forward premiums and discounts apply to the U.S. dollar.

Trade futures market, but the foreign exchanges did not react. January personal income fell 0.1 per cent and personal consumption fell 0.4 per cent.

REVIEW OF THE WEEK Sugar stocks decline forecast to continue

A SUBSTANTIAL reduction in the excessive level of world sugar stocks is likely over the next two years, according to a market review published yesterday by London broker C. Czarnikow.



PRECIOUS METALS were generally steady to higher with platinum continuing to show the best gains on continuing concerns over tight nearby availability.

Table with columns: Month, Close, High, Low, Prev. Rows include March, April, May, June, July, August, September, October, November, December for various metals like Gold, Silver, Platinum, Palladium.

STERLING INDEX

Table with columns: Feb. 21, Previous. Rows include 7.30 am, 9.00 am, 10.00 am, 11.00 am, Noon, 1.00 pm, 2.00 pm, 3.00 pm, 4.00 pm.

POUND SPOT-FORWARD AGAINST POUND

Table with columns: Day's spread, Close, One month, Three months, Six months. Rows include UK, US, Canada, Australia, New Zealand, etc.

CURRENCY RATES

Table with columns: Bank of England, Morgan Stanley, etc. Rows include US dollar, Canadian dollar, Australian dollar, etc.

DOLLAR SPOT-FORWARD AGAINST DOLLAR

Table with columns: Day's spread, Close, One month, Three months, Six months. Rows include UK, US, Canada, Australia, New Zealand, etc.

CURRENCY MOVEMENTS

Table with columns: Bank of England, Morgan Stanley, etc. Rows include US dollar, Canadian dollar, Australian dollar, etc.

EURO-CURRENCY INTEREST RATES

Table with columns: Short term, 7 days, 1 month, 3 months, 6 months, 1 year. Rows include Sterling, US dollar, etc.

OTHER CURRENCIES

Table with columns: Country, Rate, Change. Rows include Argentina, Australia, Brazil, Canada, etc.

EXCHANGE-CROSS RATES

Table with columns: \$, DM, Yen, Ffr, Sfr, Hfl, Lira, G \$, Sfr. Rows include \$/DM, \$/Yen, \$/Ffr, etc.

MONEY MARKETS

Earlier optimism fades

Interest rates were slightly firmer: the London money market yesterday, as sterling lost ground to the dollar on the foreign exchanges.

FT LONDON INTERBANK FIXING

Table with columns: Three months U.S. dollar, Six months U.S. dollar. Rows include bid 7 1/8, offer 8.

MONEY RATES

Table with columns: Over night, One month, Two months, Three months, Six months, Lombard. Rows include Frankfurt, Paris, Amsterdam, etc.

LONDON MONEY RATES

Table with columns: Over night, 7 days, 1 month, 3 months, 6 months, 1 year. Rows include Interbank, Sterling, etc.

WEEKLY PRICE CHANGES

Table with columns: Latest prices, Change on week, Year ago, High, Low. Rows include Metals, Grains, etc.

INDICES

Table with columns: Feb. 21, Feb. 20, 1985, 1984. Rows include FTSE 100, etc.

REUTERS

Table with columns: Date, Price, Change. Rows include 1987, 1986, 1985, 1984.

ALUMINIUM

Table with columns: Unofficial + or - of close, High/Low. Rows include Cash, 3 months, 6 months.

COPPER

Table with columns: Unofficial + or - of close, High/Low. Rows include Cash, 3 months, 6 months.

LEAD

Table with columns: Unofficial + or - of close, High/Low. Rows include Cash, 3 months, 6 months.

NICKEL

Table with columns: Unofficial + or - of close, High/Low. Rows include Cash, 3 months, 6 months.

MEAT

Table with columns: Yesterday's + or - of Business, Close. Rows include Pigmeat, etc.

SOYABEAN MEAL

Table with columns: Yesterday's + or - of Business, Close. Rows include Soyabean meal, etc.

GAS OIL FUTURES

Table with columns: Yesterday's + or - of Business, Close. Rows include Gas oil futures, etc.

SUGAR

Table with columns: Yesterday's + or - of Business, Close. Rows include Sugar, etc.

SILVER

Table with columns: Yesterday's + or - of Business, Close. Rows include Silver, etc.

WHEAT

Table with columns: Yesterday's + or - of Business, Close. Rows include Wheat, etc.

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ORANGE JUICE 15.00 lbs, cents/lb. Table with columns: Month, Close, High, Low, Prev.

PLATINUM 5000 troy oz, \$/troy oz. Table with columns: Month, Close, High, Low, Prev.

SUGAR WORLD '11' 112,000 lbs, cents/lb. Table with columns: Month, Close, High, Low, Prev.

NEW YORK ALUMINIUM 40,000 lbs, cents/lb. Table with columns: Month, Close, High, Low, Prev.

CHICAGO LIVE CATTLE 4000 lb, cents/lb. Table with columns: Month, Close, High, Low, Prev.

LIVE HOGS 30,000 lb, cents/lb. Table with columns: Month, Close, High, Low, Prev.

MAIZE 5,000 bu, cents/50 lb-bushel. Table with columns: Month, Close, High, Low, Prev.

COFFEE 'C' 7,500 lbs, cents/lb. Table with columns: Month, Close, High, Low, Prev.

COFFEE 'C' 7,500 lbs, cents/lb. Table with columns: Month, Close, High, Low, Prev.

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SE DEALINGS

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

Table listing various international issues including Asian Development Bank, European Investment Bank, and International Monetary Fund.

CORPORATION & COUNTY

Table listing corporate and county deals such as London County Council, Birmingham City Council, and various local authorities.

UK PUBLIC BONDS

Table listing UK public bonds including Treasury Bills, Government Securities, and various municipal bonds.

COMMONWEALTH GOVT.

Table listing Commonwealth Government issues from countries like India, Pakistan, and Sri Lanka.

FOREIGN STOCKS

Table listing foreign stocks from various countries including Australia, Canada, and the USA.

STERLING ISSUES BY OVERSEAS BORROWERS

Table listing sterling issues by overseas borrowers from various international companies.

BANKS, DISCOUNT

Table listing bank and discount rates for various financial institutions.

BREWERIES

Table listing brewery-related financial data and market movements.

COMMERICAL, INDUSTRIAL

Table listing commercial and industrial stock market data.

YESTERDAY'S ACTIVE STOCKS

Table listing the most active stocks from the previous trading day.

THURSDAY'S ACTIVE STOCKS

Table listing the most active stocks from Thursday's trading session.

5-DAY ACTIVE STOCKS

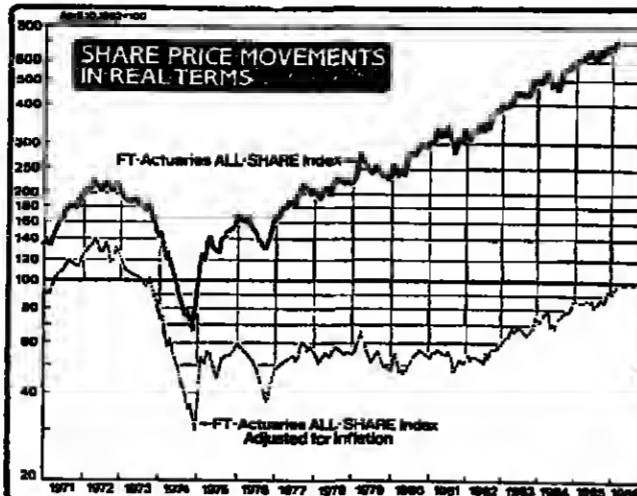
Table listing the most active stocks over a five-day period.

LONDON STOCK EXCHANGE

Domestic and US demand puts equities into overdrive

Index soars 22.8 to record 1256

Account Dealing Dates... *First Declared Last Account Dealings... London Stock Exchange report...



Leading stocks emerged from the mid-week period of consolidation yesterday to resume the surge to peak levels in spectacular fashion. Turnover increased, although it failed to surpass Tuesday's record of 2.8 billion over £1.2bn, and the FT Ordinary share index moved continuously higher to achieve its largest...

Potential benefits accruing from the Saudi Arabian defence deal lifted Luce 20 more to a new peak of 605p. Elsewhere in Motor Components, AE firmed a few pence to 165p, while Kwik-Fit buoyed earlier in the week following news of a stake-building operation in progress...

Aggressive US buying overtook selected international issues following a lower sterling exchange rate initiated by the surge. The good opening tone surprised both equity dealers and UK institutional investors, the former having anticipated a subdued end to a good week and a particularly strong trading account.

Aggressive buying prompted by takeover hopes saw MEPC regain the limelight in the Property sector and the close was broadly 22 higher on the day at 380p. Reflecting the strength of MEPC, Land Securities rose 13 to 331p, Slough Estates 4 to 170p and British Land 5 to 175p.

Standard up again

Standard Chartered, a rising market of late on talk of a possible merger with Midland, advanced a touch to close 18 up on the session and 45 dearer on the week at 492p.

Agaspectrum good

Takeover fervour continued to stimulate often sizeable demand for selected securities. Agaspectrum was marked 10 higher to 300p with the more widely-traded A shares another 9 to the good at 88p amid talk of a pending bid.

Recent issues

Table listing recent issues in the market, including various corporate and government securities.

Equities

Table listing equity market data, including high and low prices for various stocks.

Fixed interest stocks

Table listing fixed interest stock market data, including government and corporate bonds.

Leaders and laggards

Table listing percentage changes for leading and lagging stocks on Thursday, February 20, 1986.

Traditional options

Table listing traditional options data, including call and put options for various stocks.

Leaders and laggards

Table listing percentage changes for leading and lagging stocks on Thursday, February 20, 1986.

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NEW HIGHS AND LOWS FOR 1985/86

Table listing new highs and lows for 1985/86, categorized by British Funds, American Issues, and New Lows.

RISERS AND YESTERDAY

Table listing risers and yesterday's active stocks, showing price changes and volume.

THURSDAY'S ACTIVE STOCKS

Table listing Thursday's active stocks, based on bargains recorded in SE Official List.

5-DAY ACTIVE STOCKS

Table listing 5-day active stocks, based on bargains over the five-day period ending Thursday.

RIGHTS OFFERS

Table listing rights offers, including issue price, latest financial data, and stock details.

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Table listing rights offers, including issue price, latest financial data, and stock details.

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from the London Stock Exchange. Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Service. Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and are based through the Stock Exchange Talcott system.

Table of stock deals including columns for company name, price, and quantity. Includes entries like 'London Stock Exchange' and 'Official List'.

They are not in order of execution but in ascending order of price which denotes the day's highest and lowest prices. For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

Bargains at special prices. C Bargains done the previous day. A Bargains done with non-member or executed in overseas markets.

Table of stock deals for various companies, including 'North Atlantic' and 'American'.

UNIT TRUSTS

M & G Int Income Fund Units 55: 119.21

MINES - MISCELLANEOUS

Anglo American 100p 543 (18.2)
Copper Development 100p 117 (11.2)

MINES - SOUTH AFRICAN

Anglo American 100p 543 (18.2)
Copper Development 100p 117 (11.2)

OIL

British Petroleum 100p 225 (22.5)
Shell 100p 180 (18.0)

PROPERTY

Advanced Property 100p 100 (10.0)
Allied London 100p 110 (11.0)

W-Y-Z

Waddington 100p 110 (11.0)
Wentworth 100p 120 (12.0)

FINANCIAL TRUSTS

Abey National 100p 120 (12.0)
Alliance 100p 130 (13.0)

PLANTATIONS

Anglo-Thai 100p 140 (14.0)
Borneo 100p 150 (15.0)

RAILWAYS

Anglo-Siam 100p 160 (16.0)
Burmese 100p 170 (17.0)

SHIPPING

Commonwealth 100p 180 (18.0)
Clydebank 100p 190 (19.0)

UTILITIES

British Gas 100p 200 (20.0)
Central Electricity 100p 210 (21.0)

WATERWORKS

British Waterways 100p 220 (22.0)
Clydebank 100p 230 (23.0)

MILITARY

British Army 100p 240 (24.0)
British Royal Air Force 100p 250 (25.0)

INVESTMENT TRUSTS

Abey National 100p 260 (26.0)
Alliance 100p 270 (27.0)

UNLISTED SECURITIES MARKET

American Electronic Components 100p 280 (28.0)
Barchemals Internat 100p 290 (29.0)

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table of authorized unit trusts including 'Abey Unit Tr. (A)', 'Brown Shipley & Co Ltd', and 'Legal & General'.

UNIT TRUSTS

Table of unit trusts including 'Allied Unit Tr. (A)', 'Allied Bank Unit Tr. (A)', and 'Allied Overseas Unit Tr. (A)'.

RULE 535 (A)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland.

Applications granted for specific bargains in securities not listed on any exchange.

RULE 535 (B)

Applications granted for specific bargains in securities not listed on any exchange.

RULE 535 (C)

Dealings for approved companies engaged solely in mineral exploration.

Main table of unit trust information including columns for trust name, price, and quantity. Includes entries like 'Abey National', 'Alliance', 'Allied', 'Anglo-Thai', 'Borneo', 'British Gas', 'British Army', 'British Royal Air Force', 'British Waterways', 'British Army', 'British Royal Air Force', 'British Waterways', 'British Army', 'British Royal Air Force', 'British Waterways'.

Biotechnology advertisement for William Clutterbuck, dated May 2, 1986. Includes contact information and details about the publication.

AUTHORISED UNIT TRUSTS & INSURANCES

Main table listing various financial products, companies, and their details. Includes columns for company names, product names, and numerical values.

Financial Times Saturday February 22, 1986. Additional table listing financial data, possibly related to the main table.

Handwritten note: 10/11/86

INSURANCE, OVERSEAS & MONEY FUNDS

Handwritten Arabic text at the top of the page.

Table of financial data for various insurance and overseas funds, including company names, fund names, and numerical values.

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Table of financial data for various insurance and overseas funds, including company names, fund names, and numerical values.

Money Market Trust Funds

Money Market Bank Accounts

NOTES

TRADITIONAL OPTIONS

3-month call rates

Table of traditional options and 3-month call rates, including instrument names and prices.

LONDON SHARE SERVICE

BRITISH FUNDS

Table listing various British funds with columns for Stock, Price, and other financial metrics.

AMERICANS - Cont.

Table listing American stocks with columns for Stock, Price, and other financial metrics.

BUILDING, TIMBER, ROADS - Cont.

Table listing building, timber, and road related stocks with columns for Stock, Price, and other financial metrics.

DRAPERY & STORES - Cont.

Table listing drapery and stores related stocks with columns for Stock, Price, and other financial metrics.

ENGINEERING - Continued

Table listing engineering related stocks with columns for Stock, Price, and other financial metrics.

INDUSTRIALS - Continued

Table listing industrial related stocks with columns for Stock, Price, and other financial metrics.

CHEMICALS, PLASTICS

Table listing chemical and plastic related stocks with columns for Stock, Price, and other financial metrics.

FOOD, GROCERIES, ETC.

Table listing food, grocery, and other related stocks with columns for Stock, Price, and other financial metrics.

DRAPERY AND STORES

Table listing drapery and stores related stocks with columns for Stock, Price, and other financial metrics.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit related stocks with columns for Stock, Price, and other financial metrics.

INT. BANK AND DEAS

Table listing international bank and dealer stocks with columns for Stock, Price, and other financial metrics.

COMMONWEALTH & AFRICAN

Table listing commonwealth and African related stocks with columns for Stock, Price, and other financial metrics.

AMERICANS

Table listing American stocks with columns for Stock, Price, and other financial metrics.

INTER-LINKED

Table listing inter-linked stocks with columns for Stock, Price, and other financial metrics.

LOANS

Table listing loan related stocks with columns for Stock, Price, and other financial metrics.

FOREIGN BONDS & RAILS

Table listing foreign bonds and rail stocks with columns for Stock, Price, and other financial metrics.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road related stocks with columns for Stock, Price, and other financial metrics.

ENGINEERING

Table listing engineering related stocks with columns for Stock, Price, and other financial metrics.

HOTELS AND CATERERS

Table listing hotels and caterers related stocks with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Misc.)

Table listing miscellaneous industrial stocks with columns for Stock, Price, and other financial metrics.

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INDUSTRIALS - Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, high, low, and volume.

LEISURE - Continued

Table of leisure stocks including companies like British Skyways, British Airways, and British Caledonian.

PROPERTY - Continued

Table of property stocks including companies like British Land, Wimpey, and Bovis Lend Lease.

INVESTMENT TRUSTS - Cont.

Table of investment trusts including companies like British Venture, British Venture, and British Venture.

FINANCE, LAND - Cont.

Table of finance and land stocks including companies like British Venture, British Venture, and British Venture.

MINES - Continued

Table of mining stocks including companies like Anglo American, Anglo American, and Anglo American.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like British Aerospace, British Aerospace, and British Aerospace.

Commercial Vehicles

Table of commercial vehicle stocks including companies like British Leyland, British Leyland, and British Leyland.

Components

Table of component stocks including companies like British Leyland, British Leyland, and British Leyland.

Garages and Distributors

Table of garage and distributor stocks including companies like British Leyland, British Leyland, and British Leyland.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like News International, News International, and News International.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising stocks including companies like News International, News International, and News International.

INSURANCE

Table of insurance stocks including companies like British American Insurance, British American Insurance, and British American Insurance.

PROPERTY

Table of property stocks including companies like British Land, British Land, and British Land.

TOBACCO

Table of tobacco stocks including companies like British American Tobacco, British American Tobacco, and British American Tobacco.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like British Venture, British Venture, and British Venture.

PLANTATIONS

Table of plantation stocks including companies like British Venture, British Venture, and British Venture.

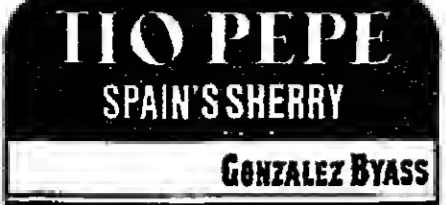
OVERSEAS TRADERS

Table of overseas trader stocks including companies like British Venture, British Venture, and British Venture.

NOTES: Underneath indicated, prices and set dividends are in pence and percentages are in %.

REGIONAL & IRISH STOCKS: This listing is a selection of regional and Irish stocks, the latter being in pence.

Recent Issues & Rights: Page 12



CEGB makes price cut claim

BY MAURICE SAMUELSON THE ELECTRICITY industry could save about £550m a year and cut prices by 7 per cent if it were allowed to raise its coal imports to 300 tonnes a year, says the Central Electricity Generating Board.

CEGB chairman, that electricity consumers are "subsidising" the coal industry. The document says imported coal would be £33 a tonne compared with last October's NCB price of £36 a tonne. This year the CEGB expects to import about 2.5m tonnes of coal, mainly from its Thames-side power stations.

Under a joint understanding with the NCB, it takes 95 per cent of this coal from British mines. The CEGB criticises lack of flexibility in the NCB pricing structure. The electricity industry has already won a price concession on some coal supplies to coastal coal-fired stations.

It believes this is little more than a first step and would like the NCB pricing structure to be based on production costs of individual parts of the industry, rather than on the average national output cost. Union meet on Bates colliery closure, Page 5

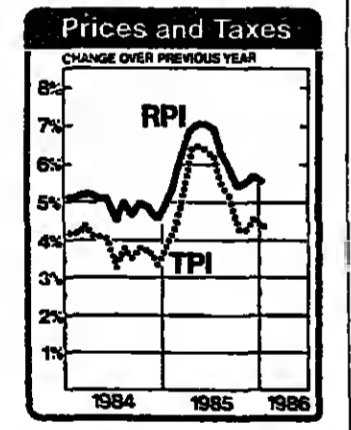
Inflation rate falls to 5.5%

By Philip Stephens, Economics Correspondent BRITAIN'S annual inflation rate fell to 5.5 per cent last month from 5.7 per cent in December and further declines are expected over the next few months as petrol prices continue to fall.

Volkswagen to take over Seat

BY JOHN DAVIES IN FRANKFURT AND DAVID WHITE IN MADRID VOLKSWAGEN, the West German motor vehicle group, yesterday agreed to a phased takeover of Seat, the loss-making state-owned Spanish car producer, at a total cost of about DM 1.3bn (£288m).

Under licence for VW, VW plans drawn up by VW and the INI Spanish state holding group, Seat will produce 400,000 cars annually in the early 1990s. This will consist of 270,000 Seat models and 130,000 VW models.



Prices and Taxes CHANGE OVER PREVIOUS YEAR RPI TPI 1984 1985 1986 and further reductions of about 1p are likely to be reflected in the index over the next two months.

Thorn switches TV rentals

BY JASON CRISP AND CHARLES BATCHELOR RUMBELOWS, the electrical retail chain owned by Thorn EMI is getting out of the television rental business with the loss of 650 jobs.

Thorn will boost profits by between £9m and £10m a year for the next three years following the discovery of a substantial surplus in its pension fund. It will also pay £26m into the fund's contingency reserve.

Continued from Page 1 Morgan be suffered on the United Biscuits purchase was limited to £19m — the difference of £30p a share and Hanson's cash alternative offer of 293p a share.

Mexico Continued from Page 1

Mexico will immediately seek a further extension, Mexican officials have also worked on a proposal whereby the country would negotiate payment of an effective interest rate on foreign debts of not more than 6 per cent. This would represent a \$3.54bn saving, but still be insufficient to bridge the finance gap opened by the oil price collapse.

Mr de la Madrid has his back to the wall politically and the measures due to be announced last night cannot cut public expenditure much further without risking serious economic dislocation and social unrest.

Banknotes Continued from Page 1

He behind the problem, it will reflect disastrously on the Marcos government. Unfortunately for Mr Marcos, this is not the first time his administration has had such a creditability problem. Less than 30 months ago the central bank was found to have fiddled its books in order to deceive creditors over the true size of its international reserves.

The notes have clearly been produced at the Philippines' single money-printing plant in Quezon City, in the Manila capital region. This plant, until around May last year, was supervised by a consultant for De La Rúa, the British currency printer.

Printers reject blacking of Times supplements

By Philip Bassett, Labour Correspondent NEWS INTERNATIONAL last night welcomed the outcome of the National Graphical Association's ballot of members involved in printing the Times' supplements which showed narrow majorities against taking industrial action over the Wapping dispute in two of the three ballots taken.

The refusal of the NGA's members to black production of the supplements is a significant blow to the union's hopes of exerting pressure on Mr Rupert Murdoch's company over the production of its papers at the new Wapping, east London plant and winning wider trade union support for its case.

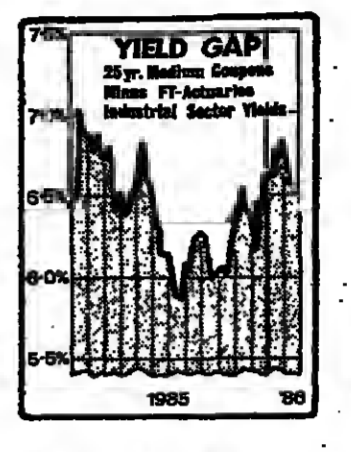
Mr Tony Dubbins, NGA general secretary, said the result was a "disappointment" but added that the blacking of the paper's educational and literary supplements would be reimposed from 6 am next Wednesday by those who had voted in favour of action.

Two votes taken after that both saw further action rejected — at the Northampton Mercury, where the supplements were printed by 26 votes to 22, and at Typematters (South), a further IT subsidiary, where the vote was 60-51.

THE LEX COLUMN Yielding to the inevitable

As the London equity index goes from strength to strength — or at any rate from peak to peak — the market seems to be populated largely by merger-treks and old-fashioned bears. The bulls cheerfully pick up their weekly dose of lucrative but risky sub-underwriting; the total overhang has been estimated as over £1bn — not too difficult to believe, given the competing offers for Distillers and Imperial. At the same time, loose cash can be gainfully piled into any share that a broker reports as the subject of bid-rumour: at the moment, Chinese whispers is a game that makes the market go up, not down.

Index rose 22.8 to 1256.0



The old-fashioned pessimists point to the comparatively wide stretch of the yield gap, and to the rising historic multiples, already in regions where they appear to discount the earnings of 1987. Taking time off from making money, the bulls are prepared to argue that concentration on the year after next is no more than the proper function of the market. Cheaper oil is going to be good for manufacturing margins, the volume of trade, and even sterling value of overseas profits; for the optimist, the strength of company liquidity is such as to make the direction of base rates almost irrelevant. And if an excuse were needed for taking a long view of earnings, it is that the general election has shifted the investment horizon outwards; perhaps the one beneficial effect of Westland.

Vickers Shipbuilding

The auction for Vickers Shipbuilding and Engineering, which closes this Tuesday, shows every sign of providing an interlude between two political dramas. Thursday's little difference of opinion between the Department of Trade and the Ministry of Defence over whether or not to delay the tender echoes the Westland affair in its vintage period; while the competition for Vickers between an employee-institutional consortium and a conglomerate in the form of Trafalgar House foreshadows the battle lines at Land Rover.

construction work; and even the job-lot packaging of Barrow with the loss-making Cammell-Laird yard on Merseyside is, less of a deterrent now that Cammell has a frigate and three diesel-electric boats to build. It is promising profit by 1987-88.

On the sort of prospective earnings valuation used by GEC last year in buying the Yarrow frigate yard, the two yards in a perfect world would go for around £45m. Cash is flowing in from regular MoD payments while profits progression is assisted by BS' conservative manner of accounting for contracting profit—leaving aside the build-up of the Trident programme or the paying-down of debt if the employee buy-out goes ahead.

Mr Dubbins said members taking part in the ballot were subjected to threats and intimidation, including writs against five individuals (at Northampton Mercury) and "strike-breaking squads" ready to print the supplements.

He said the work to be blacked, which involved putting the completed pages to camera ready for final printing, was an essential part of the supplements' production. However, the company may put this part of the work out to contract. News International said last night it was confident arrangements would be made, though NGA officials thought no other contractor would handle the work.

TUC action sought, Page 5

financially favoured. Even if the Barrow and Birtwick employees can be tempted into putting up £10m or 20 per cent of the equity — and this was a very long shot before a promise of free shares from the institutional pot — the consortium still faces an awesome capital-raising exercise: it must construct a balance sheet sufficient enough for the single-sector business and, political uncertainty of the work and retain a cushion of long-term quasi-capital to meet token and bonding requirements. Equally, Trafalgar House will start at a political disadvantage which can only deepen if it starts shuffling design and building work between the yards and the rest of its empire.

Thorn

Getting Thorn EMI's trading performance right is unlikely to be the work of a few months, but a determined clearance of fringe assets is visibly improving the balance sheet over a matter of weeks. Starting from peak debt of over £500m, Thorn should have pulled back roughly £150m of core borrowings by the end of this month assuming that the managers of the screen entertainment division can put together the necessary £100m in time to complete their buy-out.

Even if that deal ends up having to be re-designed, Thorn will surely be shot of YSE before too long. And yesterday's £42m sale of the heating business to Myson went off without a hitch, bringing in £24m of immediate cash and £11m of goodwill; if Myson makes a go of rationalising its enlarged business, Thorn's 22 per cent stake in Myson should be a better investment than 100 per cent of the company that is being sold.

The more difficult part of the Thorn revival will come next year, when further reduction in gearing will essentially have to be achieved by squeezing the working capital of continuing businesses and making better use of fixed assets as well; shifting the Rumbelow rental operation into Thorn's specialist rental chains will help with both. But to shed the planned £250m of borrowings by 1987 remains a tall order, even with the help of a £10m pension holiday for each of the next three years.

Table with 2 columns: RISES and FALLS, listing various stocks and their price changes.

Table with 4 columns: City, Y'day, Y'day, Y'day, listing worldwide weather conditions.

Capital Gains or Losses?? "BED & BREAKFAST" COMPARE THE COSTS!!! Table with columns: CONSIDERATION PER TRANSACTION, APPROX STOCK EXCHANGE COSTS, APPROX SHARE SHOP COSTS.

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WEEKEND FT

Saturday February 22 1986

MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV

Orderly House

Behind the polite debate and feudal pantomime, the Lords is again playing a big role in shaping British law. Kevin Brown reports.

THE GOVERNMENT'S business managers will be watching the House of Lords closely on Tuesday when the Shops Bill, which legalises Sunday trading, completes its legislative passage through the upper chamber. The Bill will be given an unopposed third reading because of the convention that peers do not vote down major items of government legislation, but ministers will be far more interested in gauging the extent of support for a possible fight with the Commons on the details of the measure.

The Shops Bill is a good example of the process of conciliation that has become an important part of the everyday business of parliament in recent years as the Lords has reassessed its right to a major role in influencing legislation. The requirement for the final form of every Bill to be agreed by both Houses gives the upper House enormous power over details, particularly during the term of a radical government with a heavy legislative programme.

The present Government has had frequent difficulties in the Lords, which are often pictured by ministers as the establishment hitting back. The paradox is that it is precisely the undemocratic nature of the Lords which has propelled it into the front line of opposition to the Government. Few peers, even on the Conservative benches, owe anything to the Prime Minister, and many are of a generation out of tune with the tone of her leadership. In addition, the fact that peers cannot be removed, either by electorate or party, gives them greater freedom than MPs, and promotes cross-party alliances that would be unthinkable in the Commons.

Yet, if that is extraordinary, how much more so is the fact that the Lords exists at all—a place where more than 1,100 people have the status and style of feudal barons and, in many cases, can pass on their privileges to their children; and where, although unelected, members have an automatic role in drafting legislation for nearly 900 others. It is, however, a perfect example of the British flair for compromise along with the national unwillingness to tamper with institutions that appear to work, however imperfectly.

The House has, however, survived a number of assassination attempts including outright abolition by Cromwell,

who reneged on his promise to respect the rights of peers. History records that their lordships met after the Restoration at their usual time and place, without a special summons, and with no more ceremony or thanksgiving than was customary after any ordinary holiday adjournment.

That kind of savoir-faire was a match even for the reforming Liberal Government of 1906-15. Asquith and Lloyd George clipped the wings of the Upper House in the 1911 Parliament Act, which removed the Lords' veto on legislation; but they failed entirely to enforce the preamble to the Act, which threatened the imminent creation of a popularly elected second chamber. Even the introduction of life peers, a sop to egalitarianism introduced by the Conservatives in 1958, failed to change the character of "the other place," as MPs call it. The Lords quickly assimilated the new blood, trumpeted their commitment to meritocracy, and continued much as before. As a senior hereditary peer put it: "Once a man is here, he's on the same footing as the rest of us; the status of his eldest son doesn't matter here."

So the Lords continues into its eighth century, veto gone but still with power as a revising chamber, to make wholesale changes to legislation. Nowadays, what it does is open to the scrutiny of a mass television audience estimated at up to 2m. To the broadcasting authorities, televising the Lords was a loss leader intended to induct the cameras into the Commons; an opportunity MPs were eccentric enough to turn down. But the peers recognised a good thing when they saw it, in the subtle way that they installed a press gallery for journalists several years ahead of the Commons last century.

Unfortunately, the best television pictures reflect the weakest justification for the Lords—its lingering attachment to the Middle Ages, rather than its role as a modern legislature. The prime example is the State Opening, when the Lords comes into its own as the parliament chamber; robed and seated peers and the Queen on her golden throne contrast with members of the Commons who are kept standing at the Bar of the House. This is the occasion on which other sensible men dress up in pantomime costumes and parade before the cameras in their feudal guise as Sword of State, Cap of Maintenance, Gold Stick in Waiting, Rouge Dragon Pursuivant, and so on. Even sillier is the ceremony for the introduction of new peers, an affair involving tricorn hats and heralds in gold lame jackets that look like something dreamed up by Anthony Hope for *The Prisoner of Zenda*.

The Lord Ensworth tendency turns up again when the Queen's Most Gracious Majesty is pleased to announce the Royal Assent to a Bill. This is done in Norman French, which sounds a bit like the Prime Minister's Channel Tunnel speech in Lille a few weeks ago. Then, there is the curious sight of the Lord Chancellor, the venerable Lord Hailsham of St. Marylebone, dressed in knee breeches and black and gold robes, pushing a small wheeled table across the chamber when he wants to stop being Speaker for a few moments

in order to speak as a Government minister. All this takes place in Augustus, England's richly decorated Victorian chamber, where mediaeval dukes gaze in effigy on red velvet floor cushions known as woolsocks because the economy once depended on sheep.

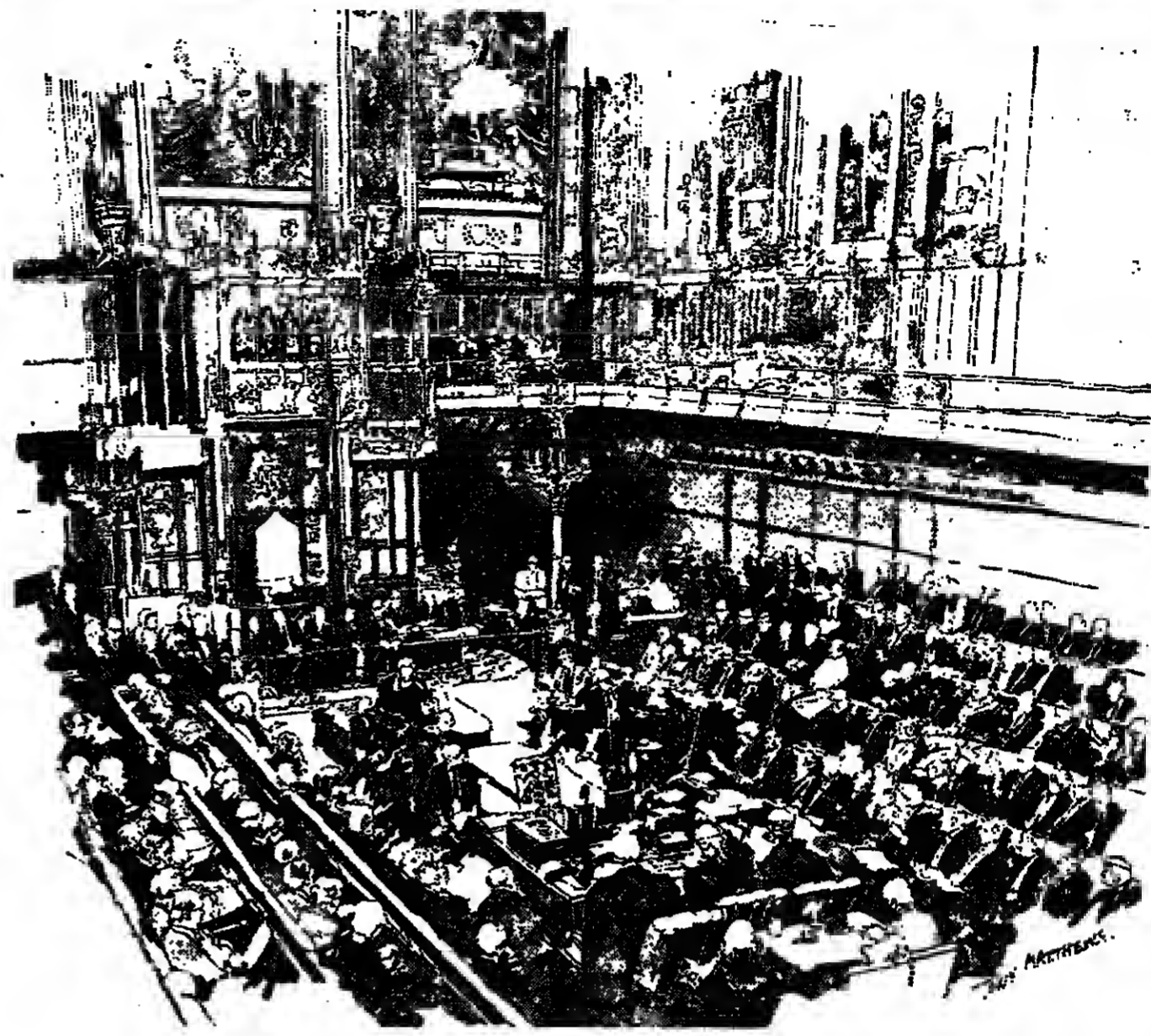
In fact, the mediaeval air of the Lords is largely a fraud. Only seven peerages survive from the 13th century, and only 55 were created before the end of the 16th. Even taking into account the generosity of the Georgian monarchs and Victoria, the vast majority of peerages—733, or 63 per cent of the total inscribed on the parchment Roll of the Lords kept by the Garter King at Arms—have been created since 1900.

Many were surrounded by controversy, most notably Lloyd-George's sales of peerages after the Great War and Lord Wilson's resignation honours list in 1976. Author John Walker, in his book *The Queen Has Been Pleased*, estimates that 11 of the peerages created between 1970 and 1985 went to businessmen whose companies had donated £1.9m to the Conservative Party.

Many television viewers have been surprised to find that peers do not attend ordinary debates in ermine robes and coronets, although the discovery does not seem to have affected the ratings. What television cannot convey, however, is the peculiar atmosphere of the chamber, best described as a cross between Anbridge Parish Council and the General Synod. Members do not actually murmur "After you, old boy; no, after you," but it always feels as if they are about to. The most passionate display of emotion you are ever likely to hear is the hen-like clucking as peers make clear their preferred speaker on the rare occasions when two members dispute the floor.

The House is run on the basis of an intricate old boy network drawing together the hereditary peers, the clergy, the law lords, the trade union bosses (retired), the bright lights of the universities and the City and, most important of all, the alumni of the Commons. In the upper House, which tries to accommodate every shade of opinion to debate, personal relations are far more important than in the lower chamber. Lord Whitelaw, the Leader of the Lords, maintains proceedings would break down rapidly if party leaders were unable to get on and, in particular, if he was not as friendly as he is with Lord Cledwyn of Penrhos, the Labour leader. Lord Whitelaw says of Lord Cledwyn, with whom he sat in the Commons for nearly 20 years, that "if I absolutely needed it, in the final event he would support me"—even if it meant upsetting some of Labour's more radical peers.

The reason for this lies in the acceptance by leading peers of all parties that the Lords should be a chamber devoted to argument rather than controversy. Lord Whitelaw, who was elevated as an hereditary viscount in 1983, sees the Commons as the pre-eminent battleground for political power. This does spill over into the Lords but only in a polite, correct manner as befits a House that has forsworn the right to



make and break governments.

On the other hand, governments can be defeated in the Lords because no party commands an absolute majority. Precise figures are hard to come by, because some peers do not attend and others go irregularly; but in round figures about 45 per cent of peers support the Tory Government, 25 per cent the Opposition parties, and the rest are independent crossbenchers. This means that an alliance of Opposition and crossbench peers can usually defeat the Government, especially if backed by a few rebellious Conservatives. On average, most governments are defeated in the Lords between 10 and 20 times a year.

Some of the Government defeats in the present parliament have been very important, particularly those on the two controversial local government Bills to abolish the metropolitan county councils, including the Greater London Council—a major plank of Government policy. Just as important, however, and less publicised, are the amendments to Bills that are carried without a division—sometimes hundreds in a session. This is where the Lords does its real work; in the detailed, sometimes difficult and often tedious business of making sure that legislation actually will work. On almost any issue the peers can mount an impressive array of specialist talent (some hereditary,

some not), who can, in turn, call on the contacts of a lifetime in whatever field is under discussion.

The great curse of the Lords is old age. Lord Ardwick, a Labour peer who once edited the *Daily Herald*, carried out a survey during the debate on the Shops Bill which revealed that no fewer than six peers in the chamber had connections with the Great War including the Earl of Stockton (Harold Macmillan) who is 92, and Lord Shinwell, the only centenary ever to have spoken in the House. The Opposition front bench leans heavily on half a dozen peers who are over 70; the Government front bench looks relatively youthful by comparison with the exception of Lord Hailsham, who is 78. The high average age of the chamber is underlined, however, by the nickname given to the group of youthful hereditary peers who fill junior ministerial posts and are known as "the beardless boys," even though their average age must be well over 40.

It is an open secret that several leading peers on both sides of the House have made clear to their respective party leaders that the chamber is in danger of ceasing to function properly unless more younger working peers can be created, preferably with specialised areas of expertise. But this must inevitably call into question the composition of the Lords itself—after all,

few high-fliers want to spend four days a week in an institution that represents nobody and is responsible to everyone.

Many peers accept that the role of the Lords is less difficult to defend than its membership, but there is no more agreement on reform now than there has been in the past. The House is still under threat of abolition from Labour, which would please few Labour peers; and of an as-yet-undefined shake-up from the Alliance, probably including the creation of peers selected from the European and (proposed) regional assemblies, which would please no one. Some Conservatives, including Lord Whitelaw, would not object to a restriction on the inherited right to sit in the Lords by requiring the hereditary members to elect an agreed number of "voting peers" from among themselves. However, critics say this would be likely to stir up more antagonism by appearing to stave off real reform once again.

So, change seems no more likely than at any time this century, and there will certainly be no serious consideration of the subject during the lifetime of the present Government. In the meantime, critics of the Lords may like to ponder the words of the novelist L. P. Hartley at the beginning of *The Go Between*: "The past is a foreign country; they do things differently there."

The Long View

Bite your nails while you celebrate

THE EXPLANATIONS are getting a bit thin. Whereas in the earlier stages of the bull market there was much talk of rising profits, undervalued assets and the joys of disinflation, honest brokers now tend to say that the market is going up because it is going up—and of course, because of takeovers.

If takeovers were based on industrial logic, or could be relied on to pass sleepy enterprises into the hands of more effective managers, then the values established during the boom might be sustainable, but apart from strong doubts on both these scores, we have a new factor in the market. We have had takeover booms before, but never such a boom which is essentially defensive.

This business of organising friendly bids to forestall unfriendly ones has come over, like most financial fashions, from New York, where it has gone a great deal further. The age of the corporate raider war there has resulted in a festive orgy of leveraged buy-outs, equity buy-ins, and bank-financed white knights which has turned the New York market into a high-risk area.

The substitution of bank and other debt for equity has now reached the \$100bn mark, as Dr Paul Voleker reminded Congress this week, which leaves the whole corporate sector somewhat over-gearred. It is small wonder that the equity market has been driven to silly new records, with this weight of corporate money behind it—nor that the equity market now goes into spasms over every hint of an interest rate move. Every basis point move on all that floating debt affects a net profit by some \$20m, a full percentage point in \$2bn.

Things are not as bad as that, over here, of course, because in some ways our rules are tighter: buy-outs and debt-financed bids, yes; buy-ins and

Bid fever drives prices up; it also drives managements to some highly creative accounting to inflate reported profits. It would take some very strong gains from mergers to justify these numbers in future performance, says Anthony Harris



is fully justified, and leave it at that. The arguments for caution, which are again being heard in the City, are based on two more generalised sources of unease: the experience of the past, which suggests that values established in a takeover boom never are maintained; and unease about the appetite of British companies for ever-growing borrowing.

The credit question may well be resolved, one way or another, before many months have passed. Two quite different stories have been in circulation about the persistence of high corporate borrowing during a period of very healthy corporate cash flow. The official Bank of England version is that while it is all very puzzling, the borrowing probably reflects the fact that while some companies can pile up cash mountains, others cannot. Credit therefore flows between companies.

The City version, which can be heard from any practitioner in the money markets, but is strenuously denied by the Bank, is that most of the borrowing represents financial opportunism by corporate treasurers. The Bank of England dominates the short-term credit market, and sets interest rates which create opportunities for treasurers. In the old days this round-tripping was all within the sterling market, and fairly easy to trace.

More recently, though, it has gone international. If the Bank, for example, holds down the interest rate on commercial bills, by buying aggressively, then a British corporate treasurer can sometimes make money by borrowing sterling on a bill, making a covered switch into dollars for a period, and lending in New York.

If you are baffled by these compressed technicalities, don't worry: the point is that if the huge bulge in corporate borrowing is largely explained by some optical illusion of this kind,

there is no need at all to worry about the quality of balance sheets, or the effect of reduced borrowing on equity values. For once I will side with the optimists. The one really strong reason for distrusting the market—apart from any general distrust of post-spec euphoria, which I discussed last week—is the fact that attention is so gripped by takeovers.

However, this is a very strong reason for distrust. It is not just that bid fever drives prices up; it also drives managements to some highly creative accounting, some highly destructive management practices—notably skimping on research and development—to inflate their reported profits. It would take some very strong gains from mergers to justify these financial numbers in future performance.

Unfortunately this is highly unlikely. Indeed, the present wave of takeovers is probably the least promising we have yet seen. The Government's competition rules positively discriminate against industrial logic, though they do not necessarily ensure sustained competition. The Department of Trade seems unaware in particular of the dangers of allowing companies to spread across too wide a choice of goods carried by the same outlet—the danger that you will only get a supply of the best-selling lager or tea if you also take the same group's soggy potato crisps. The hom is much more about protecting the jobs of directors than about efficiency or shareholders' interests.

In the long run, we need reforms which would make bids redundant by imposing tighter market disciplines on boards before they are threatened in this way—but that is another subject. Meanwhile, be wary of the market; and if you are involved in an actual takeover, on either side: take the money

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Arts: LXXXXX	

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MARKETS

Bidders breathe the new life into takeover struggles

THOSE WHO thought that the whistle blowing efforts of the Office of Fair Trading had slowed down the takeover game, or at least sidelined some of the players, have been proved mistaken this week.

Contestants in two major bid battles — both three-sided affairs — have adopted similar tactics in proposing to dispose of parts of their existing businesses in an effort to weave their way around the obstacles of Monopolies investigations that have already been declared.

On Monday, Imperial Group was subject to not one but two bids worth well over £2bn. Hanson, very much as expected, stepped up the value of its unwanted offer from £1.8bn to £2.32bn but United Biscuits, which had been subject to a friendly defensive bid from Imperial before Hanson and a Monopolies reference intervened, turned the deal on its head by launching its own record breaking offer for Imps worth £2.56bn.

Hoping to escape a Monopolies reference, United says it will sell Imperial's Golden Wonder subsidiary if it is successful. Without creating a 40 per cent share of the snacks market for the enlarged group, the new bid should be waded through by the OFT.

But for United's intervention, Hanson would almost certainly have walked away with Imperial unscathed and the Hanson offer is just what the market had been looking for at the end of last week. The new terms are one share plus 153p in cash for each Imperial share with a full cash alternative of 293p. The earlier quibble, apart from the initial offer being too low, was that Hanson had failed to put some hard cash on the table.

Hanson has made it plain that it does not intend to raise its terms which would seem to leave an open field for United, assuming its soundings at the OFT are correct. But the difference between the two bids is not wide and without a cash alternative to underpin its terms everything turns on the ability of United to maintain the value of its paper while Hanson presumably will be doing its best to talk it down.

Not surprisingly Imperial has come down in favour of its original marriage partner, even if the rules have been reversed, and United has quickly picked up 14.9 per cent of Imp's equity as some of its shareholders bolted for an open door.

In this market anything can happen and usually does, but it would not be unreasonable to assume that United will win the day. The question now is whether it has been pushed into a position where it is paying too much. The weak share price has been constructed suggest that the combined group will be able to avoid any significant earnings

dilution in 1986 but an exit multiple of around 13 for the tobacco group could be described as a touch extravagant. Nevertheless, even without Golden Wonder, Imperial is worth more to United than it is to Hanson. Some fairly immediate gains can be made from putting the two together and potentially there must be another 10 per cent or so extra profit to be squeezed out by cost cutting and so on. And the cash generation from tobacco will undoubtedly be used to accelerate United's ambitions. Indeed in two or three years United may want to pass on the

London

tobacco interests to someone like BAT, turning part of this enormous deal into a backdoor rights issue.

Guinness's efforts to breathe fresh life into its agreed bid for Distillers follows a similar line to United. Because the brewing group already had a significant presence in the Scotch whisky industry through its Bell's subsidiary the OFT called for a Monopolies report. The way looked clear for Argyl to pursue its own increased bid to a successful conclusion.

Yet Guinness returned to the fray on Thursday clutching an offer of £2.85bn in one hand, topping Argyl's bid by some £70m, and a promissory note in the other hand to reduce its hold on the UK whisky market to 25 per cent by selling off at least five small companies.

The proposals may be acceptable to the OFT, in which case Distillers' shareholders once again have two opposing bids on the table with very little to choose between them in terms of value. Argyl has kept up its share buying and is not set to return home, tall between its legs, just yet. However, whether the value attributed to Distillers is already high enough—the market expects profits of around £570m when its results are unveiled on Friday.

As usual, Lloyds fared best in its domestic market. Its High Street account has grown rapidly in the first half, respectably in the second. Through expansion into peripheral fields such as estate agency, it has slipped neatly into the higher margin areas of personal finance.

On the corporate side, Lloyds performed well. The gilt edged securities division and merchant bank are already well placed to meet the demands of deregulation. But overseas interests still pose questions, it is impossible to gauge how badly Lloyds could be hit by continued uncertainty in Latin America, while the Middle East and Far East are also problematic.

At least, with the disposal of its Californian bank Lloyds signalled to the City that it is determined to channel its resources along a few, clearly defined avenues.

As the struggles between the titans drag on the market had at least one new large bid to get its teeth into this week. Rank Organisation has launched an aggressive £750m takeover for Granada following the latter's abortive talks with Ladbroke which floundered at the end of last month because the two could not agree merger terms.

Granada, however, has rejected the approach out of hand, even though it is hard to believe that when its management was talking to Ladbroke a few weeks ago it put a value of £750m on its business. Any-way Rank's offer, which is worth around 300p a share, looks fair to the point of generous. Without a bid Granada's shares, on trading grounds alone, could be worth around 240p.

Rank's bid is unlikely to bow onwards unchanged, however. There is the question of the IBA's attitude to the television franchise within Granada. Members of the authority will meet next Tuesday to consider the potential change of ownership and may take the same line as last October when they blocked an £82.5m bid for Thames Television from Carlton Communications. But this time round such action would not necessarily mean the end of the bid. The television interests could be floated off in a separate company.

Among the batch of results this week, the full year figures from BP obviously led the field. Net profit rose by 14 per cent to £1.6bn with the downstream operations producing a sharp increase.

Despite the record profits BP's shares reacted nervously to the first quarter of the current year will almost certainly produce a net loss. After a £133m loss on its inventory last year, BP also deducted a further £95m from the last quarter against year-end stocks disposed of in January. Assuming that the average price in this quarter will be some \$10 a barrel lower than in the last quarter of 1985, a further £300m might have to be set off against the three months' profits.

That trend could actually reverse itself mid-year if the oil price recovers to the \$20-\$22 area and so the drop in full-year earnings might be limited to around \$400m.

So the argument for further selling of BP looks increasingly thin, especially as the dividend provides a real return of over 4 per cent. In an equity market that looks overvalued on fundamental grounds, holding shares with a 10 per cent yield will not cause many heartaches.

Terry Garrett

HIGHLIGHTS OF THE WEEK

Table with columns: Price y/day, Change on week, 1985/86 High, 1985/86 Low, and a description of market events.

Happier days for high-tech

WHATEVER the main market does, the USM is bound to follow before long. USM investors tend to react to main market trends with a lag and then, as if to make up for their tardiness, usually exaggerate the original movement.

At least, that was what happened in the great bear market in the electronics sector last year. And if the same can be expected on the way back up, some of the USM electronics stocks may have good times ahead.

According to James Dodd, electronics analyst at stock broker Fielding Newton-Smith: "Investors have only just realised what is happening to the majors. Now they've seen the profits to be made there in the next month or so they should start looking for bargains among the minors."

Since the beginning of the year, the PTA electronics index has risen by 16 per cent, about 5 per cent of which has occurred during the past week. Part of the rise has been a simple reaction to the earlier decline. However, the new optimism is also due to a break from the bad news that cluttered last year, to the GEC bid for Plessey, and to the £5bn Saudi Arabian defence contract signed on Monday.

Meanwhile, on the USM the first signs of recovery are just beginning to show. The surest indication of an improvement in sentiment is that the share prices of the high-tech companies that joined the market

when electronic morale was at its lowest — Radius, Sherwood Computer, Questel, Cranbrook and Ealing Electro Optics — are all now standing close to their high points and well above their issue prices.

Radius is the most spectacular example. It joined the market in October with the shares at 95p, and was initially ill-received with the price dropping to 75p. However, the market has apparently now decided that the issue multiple of 13 for a company whose profits have doubled in each of the past four years is too low, and in anticipation of more good results due next week, the shares now stand at 120p.

It seems that investors are beginning to sort out those companies whose shares have suffered for good reason from those which have been caught out in the general slump. Many

USM UNLISTED SECURITIES MARKET

USM companies are not really high-tech at all, and have now been reinstated as steady performers after having been lumped into the risky category by investors last year.

For example, LPA, which makes plugs, sockets and reactors for the industrial market, has seen its shares rise by 100 per cent from last year's low. Bennett and Fountain, an electrical equipment wholesaler, has also seen a great recovery in its share price.

Of the genuine electronics companies, most of the USM trouble-makers were in computers. While many of these have done so badly as to deserve a lasting loss of investment, some are now beginning to mend their fences. Since the return of the year, the

stock, and any decision to cut or withhold the final dividend would not be well taken.

Vickers succeeded in winning its way back into the City's good graces with its interim and final results surface on Monday, announcing projected profits of £43m or £44m.

Rolls-Royce has, yet again, seen the company's star performer although this comes as a mixed blessing to Vickers, which is anxious to ally City concerns about over-reliance on the cyclical car industry.

The office equipment and healthcare divisions performed well and it is in these areas that Vickers' future growth prospects lie. But the City is also looking to the Howson-Algraphy lithographic plates division for growth, partly because of the opportunities forged by Fleet Street's "revolution" and partly because of the potential in the US.

With the disposal of the Australian interests, Vickers' biggest loss-maker has been weeded out. Some rationalisation can be expected in the engineering sector but Sir David Palfrost's days as an ax-wielder are, by and large, over.

shares in such companies as Acorn, Composit and Intec have all risen by 25 per cent, albeit from very depressed levels.

According to Mike Whitaker of Simon and Coates, the problem emerged as little companies which had known only rising profits were suddenly faced with a sharp drop. They had no defensive management structure, and no fat to protect them. But now many of them have cut costs and demand is improving," he says.

However, Mr Whitaker thinks that over the next few months the best performers will be the companies with nothing from which to recover, but where share prices have fallen so that their p/e multiples are now close to single figures. His favourites are GML Microsystems, Intem, Wayne Kerr, and Polytechnic Electronics.

Nevertheless, it would be foolish to expect no further bad news from the electronics sector. Accidents are still happening and at some companies recovery still looks a long way off, while others may yet have to touch the bottom.

The latest two mishaps have been at CPS Computer and at Memcom, which last week both announced disheartening losses.

At least, both had the foresight to give the City advance warning that all was not well. It might be some time before Memcom, which made a first-half loss of £1.5m, starts to make profits. The company has warned that nothing can be expected from the rest of the year, meantime, the level of borrowing—the inevitable counterpart of a collapse in sales—is a matter for concern.

Prospects at CPS, which lost £240,000 last year, look a little better. Following boardroom changes, and a large order from B&Q, the company should start generating profits in the present year.

Analysts have been muttering bullishly about Vickers for a year or so, yet the market has remained stubbornly indifferent, possibly because Vickers succeeded in swapping one image problem for another when it stopped being a heavy metal-bearing engineering company and became yet another careless conglomerate.

On Thursday, Royal Insurance reports its 1985 results—the first of the composites to do so. The market is anticipating the company to show a strong recovery over its recent poor results as the US insurance market comes out of its recent bloodbath with pre-tax profits of at least £30m against £11m in 1984—a lower estimate than previously anticipated.

Underwriting losses worldwide are expected to be around 1984's level of £347m, with the US recovery of losses (down from £220m to around £180m) offset by worsening results everywhere else, particularly in Australia where there has been adverse weather, keen competition and government intervention. Its UK account, plagued by rising motor claims, is expected to show losses up by a fifth to around £50m.

Lucy Kellaway

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Table with columns: Company bid for, Value of bid per share, Market price, Price before bid, Value of bid £m, and Bidder.

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on February 21 1986. †† At suspension. ††† Suspended. §§ Shares and cash. ¶¶ Related to NAV to be determined. ||| Loan stock. |||| Swedish kroner.

PRELIMINARY RESULTS

Table with columns: Company, Year to, Pre-tax profit (£000), Earnings per share (p), and Dividends per share (p).

INTERIM STATEMENTS

Table with columns: Company, Half-year to, Pre-tax profit (£000), and Interim dividends per share (p).

(Figures in parentheses are for the corresponding period.) * Dividends are shown net pence per share, except where otherwise indicated. † Irish pounds. ‡ Net profit figures in billions. L Loss.

SCRIP ISSUE

Alexanders Holdings—1 for 10.

RIGHTS ISSUES

Cullens Holdings—Is raising £5.1m via a rights issue on a 1 for 4 basis at 200p. NWK Computers—£2.5m rights issue on basis of 1 for 4 at 220p. Wates City of London Properties—To raise £33.8m through a 3 for 10 rights issue at 115p.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

FPL—Placing of 2.1m shares at 145p. Samuel Properties—Placing £20m 11 per cent Debenture stock 2016 at 87.955.

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FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

Table with columns: Quoted rate %, Compounded return for taxpayers at 30%, 45%, 60%, Frequency of payment, Amount invested, Tax (see notes), and Withdrawals (days).

* Lloyds Bank. † Halifax. ‡ Held for 8ve years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

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MARKETS

Paradise for the money managers

IT HAS been another week in Paradise for Wall Street's money managers as they have watched world oil prices and US interest rates drop to levels which would have been unthinkable a few months ago.

On Thursday, the price of West Texas Intermediate (WTI), the most closely watched US oil price, briefly touched a low of \$13.85 per barrel on the New York Mercantile Exchange, before recovering to close at \$14.17 per barrel. On the same day the key US Government long bond, Treasury 9 1/2 per cent, due 2016, hit a new peak of 10 1/4 and its yield sank to 8.85 per cent—its lowest level in six years.

Three months ago, WTI was being traded at around \$32 per barrel and long term Government bonds were yielding close to 10 1/2 per cent. At the same time the US dollar has been falling steadily against other currencies and at the same time it slipped below the ¥180 level. A year ago it was trading above ¥260 and US manufacturers were arguing increasingly vociferously for the US to put up the protective barriers.

It would be difficult to dream up a more favourable scenario for US share prices. Wall Street is enjoying the blissful prospect of faster economic growth and lower inflation and

Meanwhile, the weight of institutional money continues to be channelled into the "blue chip" stocks which explains why the Dow Jones Industrial Average is up by more than 8 per cent so far this year, whilst the broader-based stock market indicators have risen by around 5 per cent.

Amongst the stocks hitting new highs this week have been American Express (\$63 1/4), CBS (\$126 1/4), Dow Chemical (\$48 1/4), Monsanto (\$57 1/4), Ford Motor (\$71 1/4), Baxter Travenol (\$18 1/4), General Electric (\$76 1/4) and Coca-Cola (\$90 1/4).

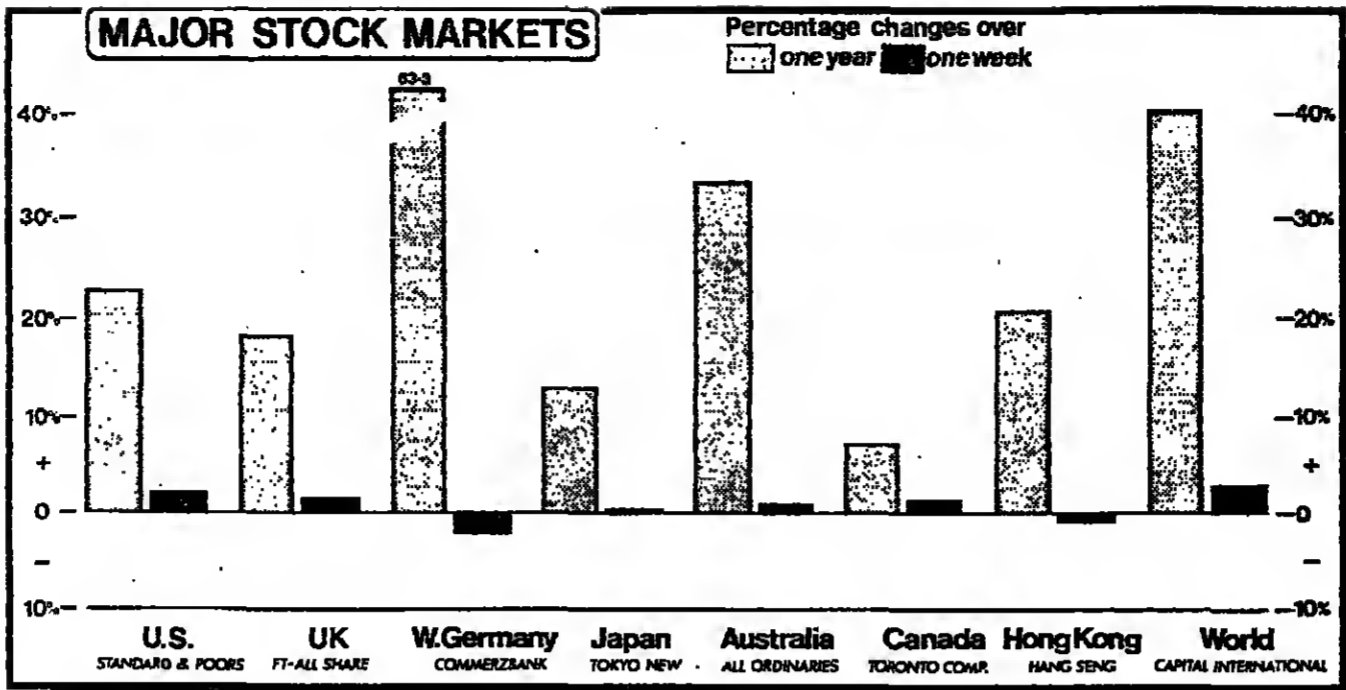
It has been a particularly busy week for Coca-Cola, the world's biggest soft drinks company. On Wednesday it reported a 15.7 per cent rise in 1985 earnings per share to \$0.51 and on Thursday it agreed to buy one of its smaller rivals, Dr Pepper, for \$470m. It also increased its quarterly dividend to 78 cents a share. Coca-Cola's shares jumped by \$3 1/4 on the news.

Not surprisingly, US energy stocks have been in the doldrums in recent weeks as analysts try to predict where and when oil prices will stabilise after their recent dramatic fall. One member of the oil industry establishment which did receive some good news this week was Texaco, whose shares have been under a cloud ever since a Texas court ordered the company to pay \$10.53bn in damages to Pennzoil. A US appeal court ruled this week that Texaco does not need to post a \$12bn bond in order to appeal the damages suit. This strengthens the company's bargaining position with Pennzoil. However, at \$29 1/4, Texaco shares are still standing \$10 lower than they were in mid-November when the Texas court handed down its stunning decision.

Pennzoil shares, which at one stage had touched \$91, are still standing \$7 higher than they were on the eve of the court judgment. While the outcome of the case will continue to be the major factor influencing both companies' share price over the near term, the drop in oil prices is an added depressant on Texaco's share price.

MONDAY: closed
TUESDAY: 1678.78 +14.33
WEDNESDAY: 1658.26 -20.52
THURSDAY: 1672.82 -14.56

William Hall



A small problem of digestion

THE BROKER came late to lunch, hoarsely muttering apologies. Business, he groaned, was not so much booming as exploding. The hubbub on the floor of the Frankfurt bourse was such that he had begun to lose his voice.

Back at his bank the staff in the securities department was all but exhausted. Everyone came earlier, left later and postponed planned holidays. Reinforcements were needed urgently but trained personnel was hard to come by. The West German stock market had never known a boom quite like this one.

That scene took place on January 15 as the FAZ (Frankfurter Allgemeine Zeitung) share index soared to a historic high of nearly 717 points. In the first 10 working days of the new year alone stock turnover in Frankfurt totalled close to DM 10bn, more than in the first two months of 1985.

Banks which had advised clients to expect less dramatic growth in share prices in 1986 found their expectations for the whole year fulfilled within the first couple of weeks. "What do we suggest now," asked the perplexed broker, "sell because the market has now reached the peak we forecast?"

As it happens that would have been remarkably well-timed advice. Since mid-January share prices have tumbled, above all because of selling by

foreign investors. Is the boom really going bust—or is the market consolidating for a further advance? A lot speaks for the latter view.

For one thing the market has had to gobble up an unparalleled feast of capital increases in recent months, and it is really no surprise that it needs time to digest it all. There have been the "biggies" like Deutsche Bank and Bayer raising more than DM 1bn apiece

Frankfurt

as well as a host of smaller companies seizing on the stock market boom to raise funds.

More is in the wind, above all the giant flotation of Feldmühle Nobel, the former Flick group.

On top of that foreign buyers have been shifting their gaze to other stock markets, not least New York. Potentially that could be disastrous for the Germans.

After all it was foreign buying which ushered in the German stock market renaissance several years ago, and it was foreigners who still gave the major impulse throughout most of 1985 when share prices jumped by an average 70 per cent or so. Foreign buyers ploughed some DM 11bn into German shares last year—admittedly far below the DM 87bn they invested in German bonds,

but still well over double the sum they had put into shares in 1984.

Now they have become less keen, above all because of the greatly strengthened D-mark. For one thing they reckon that this heralds a weakening of the export boom, on which so much of the German economic upswing (and the boost in earnings of German companies) has so far been based. For another, the prospect of currency gains from investment in German assets is far less than it was a year ago.

There are two reasons why this (temporary?) dwindling of foreign interest is not having the disastrous impact on the German stock market which might be feared. One is that Germans at long last seem to be discovering the market themselves.

The other is that the plunge in the oil price is bringing a very sharp improvement in the economic prospects of Germany (as well as of other major oil importers).

Taking the latter point first, it is likely that the "reverse oil shock" will not only allow West Germany to achieve a real economic growth rate of at least 4 per cent this year, markedly more than anyone forecast a few months ago. It is also probable that Germany will come close to achieving not just a cut in the inflation rate (already under 2 per cent at an annual rate) but actual price stability. Germans are already gaining

some DM 11bn this year from the first stage of an income tax reform, wage increases are likely to average around 3 per cent or so, and at least 300,000 new jobs will be created. Put all that together with price stability and the extra purchasing power released through the oil price cut and what do you have? For one thing a consumer spending spree, for another a sharp improvement in the prospects of those sectors benefiting especially from lower oil and energy costs. That means a glowing future for shares in, among others, the chemical companies, the utilities and the retail stores.

A lot of the smaller companies, much less well known outside Germany, are seeing a surge in their shares too. The signs are that German investors in this case have caught sight of domestic opportunities which foreigners, often concentrating on the big blue chips, have so far missed.

It is too early to make a final judgement—but it could just be that what we are seeing is the German investor at long last losing his traditional suspicion of shares. Foreigners blazed the way, created a lot of publicity and made a lot of money. Maybe what we are in for is not "a year of the German share" but a "German year of the share"—a quite different affair.

Jonathan Carr

RTZ remains on top of the heap

IT HAS often been said that Rio Tinto-Zinc Corporation is a lucky company, and you need to have a little luck to succeed in the mining business. You also have to be efficient, and RTZ's speciality is being able to make good money out of low-grade ores and low metal prices.

This kind of wizardry was demonstrated back in the mid-1960s when RTZ surprised many in the mining world by profitably mining copper ore with a low grade of under 1 per cent. That was the big Palabora open-pit operation in South Africa, and matters were helped by rising metal prices.

The price of copper is probably lower in real terms these days but Palabora is still making profits. In fact, it has increased profits and dividends in each of the past four years while other copper mines have been struggling to survive.

This week, Palabora has reported a 68 per cent increase to R189.3m (£64m) in pre-tax

costs plus increased production at the copper and molybdenum mine in British Columbia and at the Bullmoose coal operation. Favourable exchange rates also come into the picture.

RTZ shares have moved up strongly this week which is pleasing for that furry friend of mine, the mole, who joined me in recommending them at the beginning of this year. Moley is also happy to hear that Australia's Pancontinental Mining has confirmed that it is to expand production at the Paddington gold mine, near Kalgoorlie.

Paddington started production in July last year and is on course for a target output of 60,000 oz in the year to June 30. Meanwhile, it is boosting capacity in order to produce an extra 30,000 oz in 1986-87, two thirds of which will be for Pancontinental's account.

Meanwhile, the company has fulfilled its promise by lifting half-year earnings to A\$13.5m (£6.7m) from only A\$2.1m in year ago. The increase reflects not only the start of operation at Paddington but also the increased holding of 5 per cent in the central Queensland and Gregory coaling coal venture. One to watch, is Pancontinental's perhaps the unluckiest min of the week is that of the German group's Impala Platinum Holdings in South Africa. While its rival, Rustenburg Platinum Holdings, has been making the most of the increased demand for platinum, Impala has been in the throes of labour unrest which resulted in all 23,000 employees resigning.

The troubles seem to be over now and the workforce is back to full strength. But, say Impala, it will take until, at least, the end of March before production returns to normal. Last earnings are put at R45 (£15m).

Although profits for the first half of the year to June 30 have risen to R101.5m from R50.2m the company does not expect the full year's result to be much better than for the previous year. So, the interim dividend is unchanged at 35 cents.

Having managed to pull out of the red into making profit again, Australia's copper at coal-producing MIM Holdings to make A\$200m (£99m) right issue which will reduce its company's debt burden.

Kenneth Marsto

Mining

profits for 1985 and has lifted the dividend total to 180 cents from 110 cents. The company has had the benefit to its revenue of a favourable exchange rate, but metal production and sales were lower owing to the closure of ore mills for repairs.

Then, we have had good results from another RTZ open-pit operation, the big Bougainville copper and gold producer in Papua New Guinea. Here again, costs have been pared and despite low metal prices Bougainville has boosted earnings in the second half of 1985 to bring the year's total to K28.1m (£20.4m) against K11.6m in the previous year.

RTZ's wizardry has even extended to the steel industry where metal molybdenum, the price of which has fallen like a stone from the great days of the 1970s when the world's biggest producer, America's Ammax, was earning \$1m a day. Ammax, as I reported last week, is now struggling to break even after a loss of \$831m in 1985.

But the RTZ group's Lornex Mining in Canada is doing nicely. It has just announced a 1985 net profit of C\$24.1m, or C\$2.92 per share, after a loss of C\$3.26m in the previous year. The turnaround reflects lower

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For business

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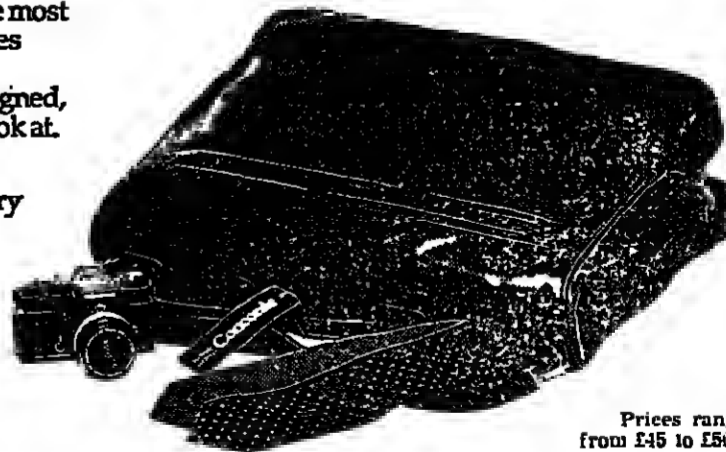
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Windsor's plan for high returns

A NEWLY formed unit trust group, Windsor Trust Managers, has launched its first three UK-based unit trusts. One is a first in the unit trust world: Windsor Convertible and Equity Trust. With an estimated gross yield of 8 per cent, this trust is designed to provide a high return without sacrificing prospects of capital growth. Of the other two funds, Windsor Growth Trust will have a diversified portfolio invested in a selection of turnarounds and high quality growth stocks with a proven track record, whilst Windsor Income Trust will provide a

balance between immediate and future income through investment in UK companies which have demonstrated progressive dividend policies. Minimum investment in any of the unit trusts will be £500. There will also be a £50 a month regular savings plan and share exchange scheme. Windsor Trust's management team plans to concentrate on the UK stockmarket which they expect to be a "good place for investors for some time to come."

HOLIDAY discounts are being offered to members of the Alliance and Leicester Building Society who hold the society's discount card. The offers, which run until mid-summer, include a discount of up to £20 on Ladies' Holidays and £5 free spending money for every £100 spent on a Page & Mow holiday. Discounts are also available on 14 historic railways in Britain.

Anyone confused by the leap-frogging in building society investment rates will welcome the new service being provided by The Building Society Shop. Based in Nottingham it provides free advice on selecting the best arrangement for the particular needs of an individual with £2,000 or more to invest, taking into account the

Pension planners everywhere

DELOITTE HASKINS and Sellis, the accountancy firm, has added a new team of pensions and insurance experts to the Personal Financial Planning Division which it set up last year. Four professional advisers on life assurance and pensions will be stationed at the firm's London headquarters, and another six will be based in major regional centres. Private individuals can ask for help from the firm's personal financial planners by approaching any of Deloitte's 34 offices. Since last year staff at the London headquarters have already advised some 4,000 private clients with the kind of advice on problems like tax and retirement planning which the firm traditionally offered to the chief executives of companies. Last month the firm issued a booklet, Ways to Reduce your Personal Tax Bill, setting out a series of questions for taxpayers who want to ensure that they are making the best use of tax allowances and reliefs. The booklet is available for £9.95 from the Publications Department, Deloitte, Haskins and Sellis, 128 Queen Victoria Street, London EC4P 4TX.

WHAT'S GOOD for your pet should be good for you. That appears to be the principle behind the move by Pet Plan, insurers of more than 100,000 pets, to offer financial services for humans. Pet Plan has teamed up with Ambassador Life, a subsidiary of Abbey Life, to launch a combined life assurance and investment package. It will be marketed by direct mail to Pet Plan's clients, who will be offered discounts provided through a home care. Patsy Boom, managing director of Pet plan, claimed: "We intend to look after our clients and their families just as well as we've looked after their pets."

Beware the Business Expansion hard sell

"Why am I being bombarded by glossy brochures inviting me to subscribe for shares in organisations needing money to buy racehorses, antiques, farms, old hotels, hotels?" began a letter to the Financial Times in November. "With the promise that if they can have my money free of interest for five years there might be a dividend at the end. Or, of course, I might lose the lot."

The writer was complaining about Business Expansion Schemes, or rather the stream of scheme proposals and prospectuses that bombard unsuspecting investors. With just a few weeks to go before the end of the taxation year an unprecedented number of schemes have surfaced asking for capital for airlines, America's Cup entrants, Italian restaurants and old people's homes.

Many schemes are sound small business ventures, devised by companies which are too small or whose ideas are too idiosyncratic to raise capital in the conventional way. Others are, at best, dubious and promise a fast buck for founding directors rather than a fair return for investors. So how do investors sift through the sea of glossy brochures and pick out the bona fides from the bandits?

Introducing favourable share

option schemes for founding directors is a popular ploy. In one recent scheme.

Another ploy is for directors to cream off a high proportion of profits as the business matures. One scheme gave founding directors the right to claim 50 per cent of profits after five years. Such rules must be declared within the prospectus, but are frequently "buried" in the smallest of small print.

Directors' remuneration should be scrutinised too. Dazzling high salaries are commonplace, but the more ingenious schemes favour the combination of relatively modest "nominal" salaries, to throw investors off the scent, and generous commissions on profit.

The cost of the issue can also pose problems. The sponsors frequently command fat fees or hefty commissions, sometimes both. Incidental costs can mount up too. Given that there are so many schemes and so many glossy brochures around, companies invest in glossier and glossier brochures so that their scheme stands out from the deluge on the doormat.

Profit projections should be treated with deepest scepticism. As new businesses, schemes have to rely on financial forecasts to sell themselves to investors. But many schemes are

Panglossian in their profit projections. Similarly many scheme proposals are given to sweeping socio-economic statements which may be illuminating about the market's potential but not about the prospects of the company itself.

Investors should also satisfy themselves that the company is raising enough launch capital. Any growing venture will need a fresh injection of finance at some stage in its development, but the structure of the Business Expansion Scheme means that for scheme start-up companies, raising additional capital can be difficult.

Staging a second Business Expansion Scheme is not only expensive, but very elaborate. And because the terms and conditions of the scheme restrict a company's ability to float or be taken over, the conventional sources of venture capital are often wary of investing in them. Thus it is crucial that a company raise enough capital through the initial scheme and does not need to engage in costly, and difficult, refinancing. For all the pitfalls, Business Expansion Schemes are, on the whole successful. As editor of the BES magazine, John Harrison spends much of his time sifting through county court judgments to trace failures. According to his calculations

just 4.45 per cent of the schemes funded in the 1984-85 taxation year failed, and these represent 4.1 per cent of investment. Thus the failure rate for Business Expansion Schemes is much the same as that for ordinary businesses.

And because the tax benefits attached to the scheme are so attractive, investors tend to use its indulgently by investing in areas that appeal to them. Fine art houses, antiquarian book sellers, America's Cup entrants and racehorses tend to fare well, not because they represent sounder investments, but because the investors are prepared to be more self-indulgent.

The golden rule for Business

Expansion Scheme investment is exactly the same for any other area, read the prospectus.

"All the dodges, the directors' share options, the restrictions on profit, are in there," said John Hunter, a partner in accountants Peat Marwick Mitchell who specialises in expansion schemes. "But so many investors only bother to read the prospectus when things go wrong."

"I suspect that with the current crop of schemes there will be lots of people who unearth their prospectuses in five years time to find out where their money has gone."

Alice Rawsthorn

HONEYGLEN ASSURED CONSTRUCTION PLC

(Company No. 1988381)
Offer for Subscription — Sponsored by
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of up to 2,500,000 Ordinary Shares of 75p each at 11p per share

London residential developers will be the main clients of this building company which offers deferred payment terms. This will assist developer clients' cashflow and payment will not be due until after the property is complete. Such debts will be secured, normally by a mortgage over land and buildings. John D. Wood are Consultant Surveyors and Valuers.

Over 20% p.a. pre-tax return is anticipated on shareholders' funds used to finance deferred payment building contracts.

Tax Relief — The Company began trading in July 1985. Investors should receive their tax relief certificates without delay.

The Management Team have considerable experience in property development and building. They only share in net asset growth & over the first 61% increase. This is more beneficial for shareholders than in several other BES offers.

65% loan facility — appropriate subscribers need send a cheque for only 35% of their investment (plus documentation fee).

INITIAL ALLOTMENTS BY TUESDAY 18th MARCH 1986 — BUDGET DAY.

Subscribers can decide in which tax year they wish to invest as the final closing date is 30th April 1986.

This advertisement does not constitute an invitation to subscribe for shares.

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Please send me a copy of the Prospectus of Honeyglen Assured Construction PLC

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F.T. 22-2-86

Gold threads among the grey

THE ELDERLY are big business in the US, where a stream of companies have sprung up to meet the needs of the rapidly growing and increasingly affluent ageing population. The Americans call this "grey-power."

In this country companies have been slower to take advantage of the "grey" market, although, as in the US, the elderly population is increasing in numbers and in economic power. A recent crop of Business Expansion Schemes have surfaced to raise capital for "grey-power" projects.

Care Homes, for example, plans to raise between £1.5m and £10m by issuing up to 10 million shares for £1. The issue has been underwritten for £1.5m by the sponsors, Anglo Dutch. The company will own and operate a group of homes for the elderly and has already entered into a conditional agreement for the purchase of a home in Sunningdale, Berkshire. Management will be undertaken by LifeCare Homes which already manages seven nursing homes. Care Homes expects to break

into the black in its second financial year with profits of £35,200 after losses of £92,800 in the first.

Meanwhile Bright Walton Homes aims to raise up to £5m through the issue of five million shares at 11p each in an issue sponsored by the merchant bank, Hill Samuel.

Bright Walton plans to operate residential homes for the elderly in the South and South East of England. Having established an initial group of up to 10 homes it plans to diversify into nursing homes. Like Care Homes, Bright Walton will simply own the homes and has entered into an agreement with Health Care Services, the USM quoted hospital and home management concern, to select suitable sites and to assume responsibility for marketing and management.

Two established companies in the field are also using the Business Expansion Scheme to generate capital. Guardian Care, which was founded in 1979 and already operates two nursing homes in Norfolk and Lincolnshire, plans to raise between £750,000 and

£2,025m in an issue sponsored by Douglas J. Towleley.

With the Capital Guardian Care will add to the facilities of its established homes and develop a third. In the longer term the company plans to acquire four greenfields sites and to develop homes to accommodate 220 additional residents. Pax Hill aims to raise just over £500,000 to extend its established "community for care" in Hampshire and to open new centres.

The issue will be sponsored, but not underwritten, by Baden-Powell Chilcott, and will release between 355,000 and 445,000 shares at £1.20 each. The company expects to produce pre-tax profits of £80,000 in the current financial year, to September 30, and anticipates £300,000 for the next.

Although the end of the taxation year always sees a stream of Business Expansion Schemes surging on to the market, this year has seen an unprecedented number of schemes. Heavily asset-backed schemes, and homes for the elderly fall into this category, tend to find favour with investors, but there are already signs that the sheer volume of schemes available has saturated the marketplace. Investors are scrutinising new schemes with increasing scepticism.

A.R.

BES 1985/6 TAX RELIEF ASSET BACKED INVESTMENT

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- Company intends to build up a group of hotels with a view to USM flotation.

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(Incorporated in England under the Building Societies Act 1874)

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22nd February 1986

FINANCE & THE FAMILY

Domicile is the key

FOREIGN NATIONALS taking up prolonged, but still temporary, residence in the UK—perhaps as employees of a multinational corporation—enjoy substantial tax benefits not available to most people. What is often not realised is that some long term expatriates returning to Britain at the end of their employment overseas are entitled to the same treatment. But mere long residence overseas is not sufficient to qualify. Domicile is the key.



This is a somewhat artificial legal concept, distinct from both nationality and residence. Every child acquires at birth, usually from its father, a domicile of origin that will last for the whole of its lifetime. Should the father change his domicile while the child is young, its status will change, too.

Naturally, any independent person can bring about a change in domicile by moving to another country with the intention of making his permanent home there. That then becomes his domicile of choice; the domicile of origin is suspended in the meantime. Since the Domicile and Matrimonial Proceedings Act came into force on January 1 1974, the domiciles of married women are determined in exactly the same way as for men. Before that, they took the status of their husband.

Most British residents pay tax on their worldwide incomes. But those not domiciled in the UK need do so on their overseas income only to the extent that it is remitted to or received in Britain. Consequently, their tax liability can

be controlled by the simple expedient of regulating the amount of income sent to Britain.

Those people who continue to spend time abroad will, in any event, spend some of their income overseas, too. But should it be necessary for all of the income to be available in Britain, tax can be saved by carefully segregating the foreign income overseas and remitting to the UK a like sum of pure capital instead.

Somewhat similarly, those not domiciled in the UK will not be subject to tax on overseas capital gains unless they are remitted to Britain. But there is a cost for this treatment, since the law allows no relief for capital losses—a fact that sometimes can give rise to considerable difficulty.

Thus, if two overseas assets are sold simultaneously, one realising a gain and the other an identical loss, remittance of the total proceeds to the UK will result in the gain being taxed. Further, in the case of any sale, the Inland Revenue will not accept that the gain element can be separated from the total disposal proceeds, only the original capital being

then remitted to the UK.

The non-domiciled individual is in an even more envious position in relation to capital transfer tax, since his overseas assets are left out of account altogether. But the legislation does deny this advantage to long-term residents of Britain. Anyone who has been resident for 17 years out of the previous 20 will be deemed—for the purposes of CTT only—to be domiciled in Britain even if, under the general law, he is not.

The taxation benefits of not being domiciled in the UK can be very valuable indeed. Unhappily, they may be available only for a limited period since the presumption that a person should be treated as a UK domiciliary increases in strength with the length of time that he lives here. Eventually, the point will be reached where such a conclusion can be avoided only by a permanent departure.

Consequently, many people who are not domiciled in Britain at the time they arrive, will eventually have to accept that status, together with the heavy tax burden that accompanies it. But if, before such a change comes about, a settlement is created outside the UK, foreign assets conveyed to it will retain the capital transfer tax exemption. There might be capital gains tax and exchange control (should it be re-introduced) advantages, too.

But forming and running such settlements is expensive. No one with less than £100,000 to allocate in this way need apply.

Donald Elkin

National Savings

How much interest in a 32nd issue?

WHAT has happened to the 32nd issue of fixed-interest National Savings certificates? Investors are probably wondering why there are no signs yet of a successor to the 31st issue, which appeared in September.

Judging by the savings bank's past record, a new certificate should be just around the corner but it might not be wise to hold on to spare cash in the hope that the department is about to issue a new certificate offering a more attractive return than the 31st issue. This yields 7.85 per cent per annum, tax-free, if held for five years.

True, there are grounds for expecting National Savings to revise its rates in an attempt to draw in more money. Each year, the Treasury sets a target figure for the contribution National Savings should make towards meeting the Government's borrowing needs. For the first time since 1979, this year it is expected to fall far short of target, which for 1985-86 was set at £8bn. Figures released earlier this week showed that in the 10 months to January 30, National Savings contributed only just over £2bn.

The fixed interest certificates, traditionally National Savings' best-selling product, have been a little unpopular with investors: the 30th and 31st issue have so far in this financial year made a net contribution to Government funding of only £773.1m, compared with £1.72bn in the first 10 months of 1984-1985.

The decline in sales speeded up in the autumn, when the 30th issue, which yields 8.85 per cent per annum if held for five years, was withdrawn and the 31st issue went on to the market at a lower rate of interest.

In past years, this kind of sales performance might have prompted National Savings to revise its interest rates, or devise new products more attractive to the public.

But for at least two reasons officials can probably wait some time longer before announcing the 32nd issue. First, income bonds and investment account deposits have been producing more money for the Government this year. In the 10 months up to January 30 1986, investment accounts made a net contribution to the Exchequer of £482m—compared with £200m in the same period of 1984-85.

Secondly, the Government is not finding it hard to raise money. Tax revenues have been rising, with a notable increase in the yield from corporation tax owing to improvements in company profits. Figures released by the Treasury this week showed that in the first ten months of the year the public sector borrowing requirement totalled only £3.2bn—a much better result than many City analysts predicted. The Government, it seems, does not need your savings.

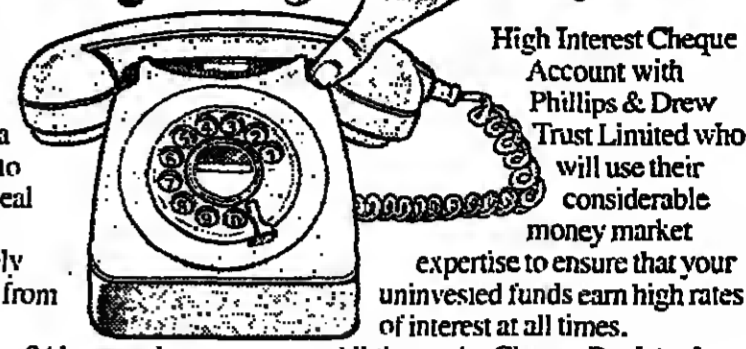
Nick Bunker

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DIY pension move by Henderson

THE HENDERSON Group has become a major force both for company and individual pension investment and management, with over £2bn of funds under management. Now it is moving into the small, self-administered pension scheme sector, offering investment expertise. The DIY executive pension arrangements enable controlling directors to use their pension fund to provide finance on a loan-back basis, and finance for

company assets, such as new buildings or plant.

However, only part of the assets can be used in this way. The rest has to be invested. Surveys made by pension consultants in this field show that several such schemes have rather indifferent investment returns. The executives concerned seem wary of equity investment; they put their money into deposit-type accounts. Henderson is now offering

professional managers for this part of the funds with a range of seven exempt unit trusts and 29 authorised trusts, covering the complete investment spectrum.

Henderson's great strength is overseas investment expertise—an area where the DIY investment enthusiast needs guidance and management. Henderson now provides this, as well as home-based equity investment.

Eric Short

THE AUDLEY 1985/6 BUSINESS EXPANSION SCHEME
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- Applications to participate will be accepted only on the terms and conditions of the scheme. Memorandum and on completion of the application form attached. For your copy telephone 01-466 1341 during normal office hours or 01-974 7700 (24-hour answering service).

THE FINANCIAL TIMES is proposing to publish a Survey on **DIRECT MARKETING** Wednesday April 9, 1986
For further information, please contact: **NINA JASINSKI** on 01-248 8000 ext. 4611
Details of Financial Times Surveys are subject to change at the discretion of the Editor **FINANCIAL TIMES** Europe's Business Newspaper

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Some 4,000 managers and trainees from over 800 organisations representing all sectors of finance and industry have attended this Course arranged jointly by the Financial Times and the City University Business School. Designed for employees in companies with interests in the City and those who require a broader understanding of its operations, the FT-City Course is regularly revised and up-dated to reflect the changes that are taking place in one of the world's major financial and trading centres.

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Ignoring this advertisement could cut your pension in half.

When it comes to their pension, many otherwise shrewd people make decisions which defy common sense.

Not that it's easy to decide how to get the best results from the pension you may be planning to arrange.

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MAXIMUM FLEXIBILITY
Contributions can be varied

THE VALUE OF YOUR FUND

YOUR CONTRIBUTIONS
With The Equitable your fund keeps on growing while each year you pay what you can afford.

What happens if you retire early?

100%
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And you must be sure there is a broad range of investment options.

WIDE CHOICE

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- High Income Fund
- Equitable Pelfican Fund
- North American Fund
- Far Eastern Fund
- GI & Fixed Interest Fund
- Fund of Investment Trusts
- With profits policies

Next, you must satisfy yourself you won't be pouring money, year after year, into a company which will pay out a fraction of what could have been achieved elsewhere.

Of course the past cannot guarantee the future, but you must be certain the company's policies have a record of delivering outstanding performance.

UNRIVALLED TRACK RECORD

The Equitable Life.

Number of 1st and 2nd places in surveys of 10 and 20 year with profits policies for the self-employed as published by Planned Savings magazine 1977/1985 inclusive.

Our nearest rival.

TOP PAYOUT

The Equitable: £97,142
Average: £59,222
Worst Company: £31,576

Personal pension fund from 20 year with profits policy, annual premium of £500, as published by Planned Savings November 1985. Figures refer to self-employed man aged 65 retiring 1st September, 1985. Source: Planned Savings November 1985

You may want to bear in mind that The Equitable Life is unusual in not paying commission to brokers or other middlemen.

Which is why these people may be reluctant to recommend The Equitable. So you'd be wise to make sure you get some figures from us.

NO MIDDLEMEN
The Equitable

Your money → 100% into The Equitable.

Most companies

Your money → Middleman takes slice → As little as 50% is invested in first year.

What's more, unlike most companies, we invest every penny of your unit-linked contributions. We have no policy charges and we don't use capital or initial units with high annual fund charges.

NO POLICY CHARGES

With The Equitable, 100% is invested right away. We do not use capital units and there are Bonus Units for regular savers. No other company offers this combination of benefits.

Almost every other company's charges under regular contribution unit-linked policies effectively cut your investment by as much as 50% in the first year or even the first two years. They may do that through low allocations, or through capital or initial units—units with especially heavy charges year on year.

In all respects, you'll find that The Equitable's efforts on behalf of policy holders consistently give unrivalled results. One reason is that, unlike most of our competitors, there are no shareholders to nibble away at the profits.

And, as the oldest mutual life office in the world, which first put into practice the sound actuarial principles all other life offices have copied, we have a reputation for innovation and fairness to live up to.

THE WORLD'S FIRST

The result is that The Equitable now has funds under management totalling over £2,000 million.

Our standing with those professionally concerned with pensions is demonstrated by our record of success with Additional Voluntary Contribution (AVC) schemes which companies set up for their staff.

No. 1 IN A.V.C. PREMIUM INCOME

The Equitable Life £28.8m

No. 2 Life Company £13.0m
No. 3 Life Company £8.0m
No. 4 Life Company £4.0m

We run more Additional Voluntary Contribution Schemes than any other life company. And these schemes bring us more than twice the premium income of our nearest competitor. Source: Pensions magazine November 1985

We admit that deciding which pensions company to go to is difficult.

But remember that your choice can mean the difference between tightening your belt when you retire, or continuing to enjoy a high standard of living. Examine the evidence of this advertisement carefully.

We're certain you'll find there is no company that can offer you as much as The Equitable Life.

So, for the best in pensions, write to The Equitable Life, FREEPOST, 4 Coleman Street, London EC2B 2JT or call us direct on 01-606 6611.

The Equitable Life
You gain because we're different.

INCOME TAX RELIEF 1985/86

GREEN PARK
Green Park Health Care Plc.

Green Park Health Care Plc will operate nursing homes, residential homes and day care facilities, under a concept of co-ordinated care for the elderly.

★ Two important properties being acquired.

★ Offer share price 100 per cent backed by net tangible assets.

★ Investment offer carries full BES tax relief for 1985/86.

★ Experienced management team.

Offer for Subscription
Under the terms of the Business Expansion Scheme SPONSORED BY **POINTON YORK LTD** (a member of NASDIM) OF **1,700,000 Ordinary Shares of £1 each at £1.15 per share payable in full on application.**

The minimum subscription has been exceeded. The Offer has been extended and will close when fully subscribed or at noon on March 17, 1986, unless extended prior to that date.

Copies of the Prospectus are available from **POINTON YORK LTD** 7 Cavendish Square, London, W1M 9HA. Telephone 01-631 3015

THIS ADVERTISEMENT IS NOT AN INVITATION TO SUBSCRIBE FOR OR TO PURCHASE ANY SECURITIES

We regard Green Park Health Care as one of the best BES issues of 1985/86. W. Greenwell & Co. Stockbrokers.

INCOME TAX RELIEF FOR 1985/86

Offers for Subscription under the Business Expansion Scheme sponsored by

Baden-Powell, Chilcott & Co

PAX HILL plc

Asset Backed
Care of the elderly and disabled £750,000 invested by the Directors
Pax Hill plc is already trading successfully in a growing sector of the Health Care Market. This Offer is being made to provide funds for the Group to further its project of providing a Community for Care for the elderly and disabled. The Directors are forecasting profits before taxation of £80,000 for the year ending 30th September, 1986 and projecting £300,000 for the subsequent year.

Winebank plc

Asset backed
Two Masters of Wine on the Board Minimum Subscription Exceeded
The Board of Directors combines management and financial experience and recognised expertise in the selection, acquisition and sale of classed growth Clarets, Burgundies and Vintage Ports and semi-mature good quality French Wines. The Company whose net assets are substantially represented by fine wines and/or cash is now trading and share certificates are being issued to subscribers.

Full tax relief available on an investment in these companies.

To: Baden-Powell, Chilcott & Co.
805 Salisbury House, 31 Finsbury Circus, London EC2M 5SQ.
Telephones: 01-588 7878 (office house) or 01-638 6339 (24 hours).
Telex 888729 MS CO-G

Please send me a copy of the Prospectus for Pax Hill plc/Winebank plc to:

Name _____
Address _____
Postcode _____

and a further copy to my accountant/solicitor/adviser (details enclosed).

Up to 4% commission will be paid to professional intermediaries on successful applications. This advertisement does not constitute an invitation to subscribe for shares.

FINANCE & THE FAMILY

Mailing lists

The Telecom directory

BRITISH TELECOM (BT) has a problem—or rather its 1.6m shareholders do. BT is expressing concern over complaints from shareholders that they have received unsolicited mail from companies offering financial services.

Those shareholders believe that their names and addresses have been circulating among businesses which know that a BT shareholder is a potential customer for unit trusts, investment magazines and other investment products.

They are right. On December 13 1985, for instance, the magazine Marketing Week carried a full-page advertisement in which two list broking companies, Computer Letters Ltd and Business Mail Data Service Ltd offered readers the use of a mailing list called the British Investors Share Register.

The advertisement described the register as "the mailing list you've been waiting for! The most sophisticated breakdown of shareholders available." One million four hundred thousand names, the advertisement said, covered the British Telecom Share Register cross-referenced to other current lists: shareholders of Britoil, Cable and Wireless, British Aerospace, Jaguar and Hanson Trust.

Not every shareholder will feel that privacy is being invaded if quantities of undirected advertising material arrive through the letter-box. But says BT: "We have shareholders who have expressed a wish not to be included on the list. We are looking at ways of satisfying their wishes."

Short of obtaining a change in the law, it is hard to see what British Telecom can do about the distribution of its share register. Under the Companies Act 1985, every private and public company is obliged to keep an up-to-date register of shareholders' names and addresses, made freely available for inspection by the public.



Companies also have a legal duty to provide copies of the list on request, subject to a fee of not more than 10p for every 100 words copied.

A further copy of the register must be lodged at the Department of Trade and Industry's Companies House in London, where the public can examine it for a £1 fee, and obtain photocopies or microfiche copies.

BT's list will not be available at Companies House until later this year, because not all shareholders have yet paid for their shares in full. In the meantime, direct mail companies get the list by writing to BT's company secretary, who passes the requests to Lord's Bank which has the task of printing out and despatching the lists.

In practice, a list of 1.6m names is useless unless put on a computer. This is expensive. One company, Financial Magazines, spent £250,000 on obtaining the BT register, putting it on a computer, and coding it with a breakdown of names according to size of holding, and the town, county, and television company region in which each shareholder lived.

There is an obvious incentive for companies spending this kind of money to sell, or rent, their lists out to other companies seeking precise targets for marketing material. Mr Chris Gilchrist, a director of Financial Magazines, said that his company sent letters to BT shareholders inviting subscriptions to What Investment which he edits. With the letters were enclosed business reply cards on behalf of unit trust companies such as Target, Perpetual, and County Bank Unit Trusts.

His company will also sell the lists outright. "We have been approached by a number of people," he said.

Mr Gilchrist says there are safeguards for people's privacy. "We don't think we are invading privacy any more than anybody else who sends unsolicited mail. But we consider that to be consistent with people's privacy we must remove their names if they complain to us."

There is one main avenue of redress for disgruntled recipients of direct mail. In March 1983, six trade associations, representing companies which use direct mail selling, set up the Mail Preference Service (MPS) in response to public anxiety. Over 120 companies now belong to MPS; they undertake to remove from their lists anybody who writes to MPS and completes an application form requesting deletion of name and address.

Up to February 19, MPS had deleted more than 30,000 names — though, interestingly, it received 4,807 letters from people who actually wanted to get more direct mail.

But not every company using direct mail is in the MPS scheme. Once a list is in the hands of non-members, its free circulation cannot be stopped.

* Mailing Preference Service, Freepost 22, London W1E 7EZ. Nick Bunker

BUSINESS EXPANSION SCHEME

This advertisement is not an invitation to subscribe for or purchase shares. Subscriptions may be made only on the basis of the prospectus containing full details of the offer and of the Company.

Bright Walton Homes plc

(Incorporated under the Companies Act 1985)
Registered in England Number 1976639

Offer for Subscription

under the terms of the Business Expansion Scheme of up to 5,000,000 Ordinary shares of 25p each at £1 per share payable in full on application

sponsored by

Hill Samuel & Co. Limited

The purpose of this issue is to raise funds to enable Bright Walton Homes to commence business as an owner and operator of residential and nursing homes.

Copies of the Prospectus and Application Form can be obtained from any of the Hill Samuel offices below OR by sending in the completed coupon OR by telephoning 01-588 5111 (24-hour answering service).

In London:

100 Wood Street, London EC2P 2AJ
19 St James's Square, London SW1Y 4JQ
39 Wigmore Street, London W1H 0AL

Outside London:

15 Clare Street, Bristol BS1 1XQ
71 New Street, Birmingham B2 4DU
23 St Vincent Place, Glasgow G1 4AR
7 Booth Street, Manchester M2 4AR

To: Hill Samuel & Co. Limited, 100 Wood Street, EC2P 2AJ. Please send me a copy of the prospectus of Bright Walton Homes plc

Name _____
Telephone No. _____
Address _____

TAX RELIEF FOR 1985/6

This advertisement does not constitute an invitation to subscribe for shares.

BALANCE ASSET MANAGEMENT PLC

Offer for Subscription under the terms of the Business Expansion Scheme of up to 500,000 Ordinary shares of £1 each at £2 per share.

- No minimum subscription. £300,000 has already been raised from a private placing.
- The Company is engaged in the Estate Agency business in West Sussex and intends to expand its operations to other regions, including Surrey and Oxfordshire. The Company provides a full range of residential and commercial property services and related services, such as mortgage and insurance broking.
- Asset-backing to the shares from the Company's ownership of its freehold premises.
- Prospectus contains the following projections:

	PRE-TAX PROFIT (LOSS)
5000	
11 months to 31 March 1987	(20)
Year to 31 March 1988	312
Year to 31 March 1989	628

The subscription list will open at 10.00am on Thursday 27 February 1986 and may be closed at any time thereafter; shares will be allotted on a "first come, first served" basis. A copy of the prospectus may be obtained by writing to or telephoning the Sponsors:

LANCASHIRE & YORKSHIRE INVESTMENT MANAGEMENT LIMITED
(Member of the National Association of Security Dealers and Investment Managers)
73 Wimpole Street, London W1M 7DD. Tel: 01-495 5566 (24 hour service)

1% BONUS UNTIL 28th FEBRUARY
Put your money where the rich man puts his!

Three major new funds from Guinness Mahon

With the launch of The European Fixed Interest Fund, The Yen Fixed Interest Fund and The Global Fixed Interest Fund, Guinness Mahon now offers a complete range of opportunities for capital growth and high income available in international bond markets. Until now these markets have been primarily the preserve of wealthy investors, institutions and international investment banks. Bond markets around the world have been performing strongly and prospects continue to be very good.

To minimise risk the Global Strategy Fund only invests in bonds issued by major Governments and international corporations. If you make your investment on or before 28 February, you obtain a Founder Investor Bonus of 1% on investments below £20,000. To find out more send the complete coupon. Minimum investment is £1,000. Initial investment charge, 4.9%, 4% annual management charge thereafter. There is no initial charge on an investment of £30,000 or above, and the bonus does not apply to these investments. Investors are reminded that this price of units may go down as well as up.

Guinness Mahon
Guinness Mahon Fund Managers (Guinness) Limited, P.O. Box 188, La Vieille Cour, St. Peter Port, Guernsey, Channel Islands.
Telephone: (0481) 23506 extension 231 or telex 4192 402 GUM G.
* Please send me a prospectus for the units of which I am interested in investing.
Name _____
Address _____
Postcode _____

This advertisement is not an invitation to subscribe for shares.

Queue for unit trusts

ESTABLISHED LIFE companies are queuing up to go into the unit trust sector. This week it was the turn of Clerical, Medical and General Life Assurance Society to announce full entry into the field from next month.

Clerical Medical has been a leader in traditional life assurance for decades, consistently in the top companies for with-profit performance. However, it has adopted a cautious approach to its moves into the unit-linked and unit trust sector.

While many traditional companies continued to do their own thing when they entered the linked sector, Clerical Medical combined with Fidelity International for its entry. In October 1984 four funds were set up—Equity High Income, General Equity, Gift and Fixed Interest Growth and Indexed Securities—but they were essentially investment vehicles for unit-linked products.

Having tested the market and got a track record, Clerical Medical is ready to go fully into the unit trust sector adding four new funds and spending over £300,000 on promoting.

The new funds, American Growth, European Growth, Japan Growth and Gift and Fixed Interest Income, provide a range which can be offered to investors. Two more funds are coming later this year.

The Equity and Gift funds have an impressive performance record to go alongside the company's traditional with-profits record. It is hoping to attract £12m this year.

Eric Short

REAL ANNUAL RATE OF RETURN TO INVESTORS IN THE LONDON STOCKMARKET—PERCENTAGES

	SHARES		GILTS	
	Tax-exempt investor	Top rate taxpayer	Tax-exempt investor	Top rate taxpayer
1920-36 (16 years)	+17.7	+14.3	+12.2	+10.7
1936-52 (16 years)	-1.9	-6.1	-4.7	-4.0
1952-68 (16 years)	+12.5	+4.5	-1.0	-1.0
1968-82 (14 years)	-0.2	-4.9	-1.0	-1.0
1982-85 (3 years)	+20.5	+17.2	+5.7	+5.7

Source: The IZOE Equity-Gilt Study, 25 from de Zoete & Swan, 25 Finsbury Circus, London EC2M 7EE.

Peaks and plunges

EVEN THE MOST inept pension fund managers can beat inflation, provided they are patient enough, but life is harder for individual investors, as income tax can wipe out the gains from equity investment.

Since the end of the First World War, a pension fund exempt from tax has had to make a monumental mess of its investment strategy to fall behind the rate of inflation, according to figures from London stockbrokers de Zoete and Swan. Even if it bought a portfolio of shares at exactly the wrong point in any stock market cycle—at the peak of a bull market such as 1928 or 1972, when share prices were about to plummet—it would still be showing a return of at least 3 per cent a year above the inflation rate if it had held on to the shares until now.

Wealthy private investors, however, could still be suffering a loss from their equity investment after allowing for inflation, because of the high rates of personal tax they would be liable to. They might do better with the 3.5 to 4 per cent real return now available from index-linked gilts.

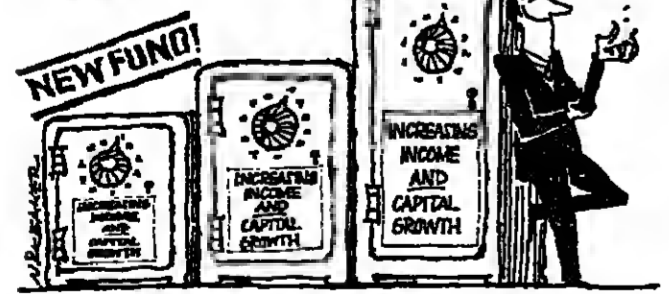
The last six years have produced an exceptionally high real return of 18.8 per cent from equity investment, de Zoete says in its annual study of the performance of the London stock market since 1918. It has been bettered only twice since the Second World War—in 1957 to 1963 and in 1974 to

1980—but is lower than the return in the deflationary periods of the early 1920s or 1930s. Shares held from 1918 to the present day would be showing a real return of 7.1 per cent a year, after reinvesting net income over the same period would have produced a real return of 2.8 per cent a year, while the capital value of the shares alone would have increased by 242.5 per cent, after allowing for inflation. Gilt-edged Government bonds have done exceptionally well over the last decade. The period 1982 to 1985 was the first spell of four consecutive years since the Second World War when the total return from gilts beat inflation. The annual real returns on gilts of 14.1 per cent over the last four years and 5.6 per cent over the last 11 years were only bettered by purchases made in 1920. These provided a real return of 12.2 per cent a year in the 15 years to 1936.

By contrast, everyone buying gilts between 1936 and 1972 was showing a loss after inflation 10 years later. By 1985, despite the exceptionally good performance of gilts in the last 11 years, almost everyone who bought gilts in the 40 years between 1927 and 1967 was still suffering a real loss—even tax exempt investors who could reinvest gross income.

George Graham

Looking for increasing income?



The new Govett UK Progressive Income Fund offers a portfolio of UK equities and convertibles, providing an above average yield, with particular emphasis on:

- * COMPANIES WITH DYNAMIC NEW MANAGEMENT
- * ASSET REDEPLOYMENTS
- * RECOVERY AND TAKEOVER SITUATIONS
- * NEW ISSUES

So, if you are looking for the prospect of an increasing income AND capital growth, return this coupon today.

To: John Govett Unit Management Limited, Winchester House, 77 London Wall, London EC2N 1DH. Tel: 01-588 3629.
Please tell me more about: Govett UK Progressive Income Fund. FT22:2
Name _____
Address _____
My usual investment adviser is _____
John Govett Unit Management Limited

Sponsored by:
PBR FUND MANAGEMENT LTD
ALEXANDRIA
TOPICS
REPLIC
Issue of up to 2,450,000 ordinary shares of £1.00 each at the price of £1.00 per share payable in full on application
1985/86 Tax Relief
BUSINESS EXPANSION SCHEME
Minimum Application £1,000
The Company has been formed to acquire, manage and develop a group of quality hotels in the South of England.
Key Points:
• Substantial asset backing
• Experienced Management
• Issue underwritten for £750,000
• Initial investors have put in £100,000
• Low issue costs
• Strong Board. Experienced businessmen as Directors
• Founders shares only start to benefit when the value exceeds 27.6%
The subscription list will close when the offer is fully subscribed but in any event not later than 3.00pm on the 28th February 1986, unless extended by the Directors.
Copies of the prospectus may be obtained from: PBR Fund Management Ltd, 146a Queen Victoria Street, London, EC4V 5AP. Tel: 01-236 4070.
This advertisement is not an invitation to subscribe for shares.

FIXED PRICE OFFER ENDS MARCH 14
3 new unit trusts that aim to prove UK investment is best.
Windsor Trust Managers is a new unit trust group run by old hands at investment management, and backed by a major UK Life Assurance Company.
WINDSOR CONVERTIBLE AND EQUITY TRUST: a unique opportunity, offering an estimated yield of 8%, and prospects of capital growth.
WINDSOR INCOME TRUST: providing a balance between immediate and future income, with an anticipated yield of 6%.
WINDSOR GROWTH TRUST: aimed at long term capital growth, with an estimated yield of 2.0%.
There is a simple share exchange facility.
For further information just send the coupon or telephone 01-831 7373.
To: Windsor Trust Managers Limited, Windsor House, 83 Kingsway, London WC2B 6SD.
Please send me full details of your range of unit trusts.
Name _____
Address _____
Postcode _____
Windsor Trust Managers Limited

John not 150

FINANCE & THE FAMILY

Reversionary interest

Auction your future now

ESAU gave it a bad name—selling his birthright for a mess of pottage. But the sale of a future asset to obtain cash at a time when you need it most can be a lifesaver for some people, or a useful tool in tax planning.

However, few people know that you can sell your reversionary interest in an estate, in property or in an insurance policy at auction every month at the Connaught Rooms in London.

Over the years the organisers of these auctions—H. E. Foster and Cranfield, tucked away in modest offices in the City—have sold exotic items ranging from Buffalo Bill's Deadwood stage coach and horses to the trading rights of the Pacific Shogun Islands. Once upon a time they also made a regular market in Wimbledon tennis debentures, but they have been superseded nowadays by bankers on the Stock Exchange.

As Mr Guy Enriquez, a senior partner of the company points out: "Everything has a value if you know where to sell it."

With his long experience in the business, Mr Enriquez can usually give an accurate estimate of how much something will fetch in the market, whether by private sale or public auction. He claims, for example, that an interest in an endowment policy will very often fetch a higher price at auction than its surrender value offered by the company.

Foster and Cranfield have been in the business a long time. As the auction catalogue proudly proclaims:

"These Periodical Sales of Absolute or Contingent Reversions to Funded Property, Annuities, Policies of Assurance, Life Interests, Bonds, Bank Charges, Freehold and Leasehold, Crooked Roads, Agricultural and Residential Estates and all descriptions of present or prospective Property were established in the year 1843."

These days, most of the lots on offer at these auctions are endowment assurance policies;

Foster and Cranfield, as auctioneers, aim to act solely in the interests of the sellers, who pay the commission. The firm can normally estimate the value of the financial right being offered for sale. It takes into account the life expectancy of the person involved; assesses the likely growth in the value of the trust, policy, or property over the years; and keeps in touch with market trends—such as what is in demand at a particular time and the strength of buying interest.

Much depends on experience—not only in assessing the value but also the status of a buyer. It would cause considerable harm if, say, a property with a life tenancy was sold to an unscrupulous investor seeking to cash in quickly. Equally, a fund managed by irresponsible trustees might depreciate unexpectedly in value and put the investor out of pocket.

This, perhaps, may explain why these auctions are kept deliberately low key, attended primarily by professionals, such as solicitors or chartered accountants acting on behalf of clients. The wordlog in the catalogue certainly remains distinctly old-fashioned. It has changed little over the years and suggests a bygone age when a gentleman's word was his bond. Foster & Cranfield are at 6 Poultry, London EC2 (01-248 1451).

John Edwards

LAST MONTH'S rise in bank base rates has increased the attractions of the high interest chequebook accounts with which banks compete most keenly against the building societies' instant access accounts.

It has also brought the rates offered by the clearing banks closer to those of the market leaders: Western Trust and Savings, which pays 9.90 per cent net CAR; Citibank's Money Market Plus account, which pays 9.75 per cent on its Money Market Plus account; and the Tyndall Demand account, paying 9.55 per cent.

Barclays Prime Account now pays 9.44 per cent net CAR, and Lloyds Bank pays 9.31 per cent on its High Interest Cheque Account. Midland Bank operates a two-tier system on its comparable account, paying the same rate as Lloyds on balances of £10,000 and over but only 9.04 per cent net CAR on smaller balances.

National Westminster's Special Reserve Account, which does not itself provide a cheque book facility but is run in conjunction with a cheque book current account, pays 9.44 per cent net CAR on deposits of over £10,000 and 9.17 per cent below that threshold.

A full comparison of the rates paid on the main high interest cheque book accounts is published daily in the Back pages of the Financial Times under the heading of Money Market Bank Accounts.

However, the interest you get is not the only aspect you should consider when selecting the account in which to put your money.

You can open several of the accounts with relatively small deposits—£250 in the case of Lombard North Central's

Cheque rates

Boost for the banks

Cheque Savings account and only £1 for Citibank's Cheque Plus account. But to earn high interest, all the accounts require much larger deposits. This is generally £2,500, although a few accounts have lower qualifying balances at which they pay the higher interest.

The figure is £1,000 for Aitken Hume's Monthly Income account, Citibank's Money Market Plus account, Edward Manson's Cheque Deposit account, Oppenheimer's Money Management account, Provincial Trust's Money Market Cheque account, and Save and Prosper's deposit high interest bank account; but only £500 for Citibank's Cheque Plus account and Britannia/Cater Allen's high interest current account.

Thus, the minimum balance required to open an account has to be weighed against the interest that is paid. You should also check to see what happens if your balance falls below the qualifying level—several of the accounts offered by the non-clearing banks will pay you no interest at all when you slip below the threshold.

Others will pay you a reduced interest but this might be lower

than their normal deposit account rate, so you would be better off taking the money out of the account and putting it on a seven-day deposit or, better still, into a building society.

If you want to use your high interest cheque account for paying bills, bear in mind that most accounts set a minimum value for cheque transactions, usually £200 or £250. A few do not set a minimum: Allied Arab Bank, Charterhouse Japhet, Lombard North Central and Royal Bank of Scotland.

The only two clearers who do not set a minimum are Lloyds and Royal Bank of Scotland. These banks also offer the widest range of banking facilities of all the high interest cheque book accounts, including a cheque book. But while this makes it easier for you to use the account as a current one, the downside is that Royal charges you for all your debits—35p for cheques and standing orders and 20p for direct debits—while Lloyds allows you only three free debits a quarter before it also charges you an even higher rate of 50p per transaction.

Several other accounts allow you only a limited number of free transactions—usually six but nine at Bank of Scotland, 10 at Adam & Co. 15 at Charterhouse Japhet, and the first 20 at Lombard North Central. However, there are no charges for transactions on any of the 13 other main high interest cheque book accounts.

A comprehensive review of high interest cheque book accounts appears in the latest issue of Which? the Consumers Association publication.

Margaret Hughes

This advertisement is not an invitation to subscribe for shares.

FINOTEL PLC



Offer for subscription under the Business Expansion Scheme sponsored by ELECTRA MANAGEMENT PLC.

Of up to 5,000,000 Ordinary Shares of £1.00 each at £1.40 per share payable in full on application to raise up to £7 million.

FINOTEL PLC provides an opportunity to invest in an hotel company with an established product under experienced management. It has already raised equity capital of over £5 million and opened the Hotel Ibis Heathrow in June 1985 and is building a second hotel in central London.

Sphere SA, which owns the Hotel Ibis name, is providing management expertise. There are already 150 Ibis hotels in eight countries. Tax certificates should be available to subscribers shortly after allotment. Applications to subscribe will only be accepted on the terms of the prospectus and on completion of the application form attached thereto. Copies of the prospectus can be obtained by telephoning 01-240 8565 (24 hours) or by writing to Electra Management PLC, (ret Finotel), Electra House, Temple Place, London WC2R 3HP.

How funeral costs can beat inflation

A FUNERAL, however simple, can be an expensive affair—adding a financial burden to the grief of a recently bereaved family. Over the past decade, the cost of the typical funeral has risen from £166 to more than £600.

Many elderly people took out funeral insurance policies years ago—but when their relatives make a claim, they find that the benefits payable over only a fraction of the funeral's total costs, because the policy contained no provision against inflation.

This situation has prompted the introduction of two new inflation-proofed schemes. The Funeral Expenses Plan, underwritten by the Windsor Life Assurance Company, and officially backed by the National Association of Funeral Directors (NAFD), offers a variation on the traditional whole life insurance policy by index-linking benefits to allow for inflation of up to 10 per cent per annum. On the other hand, Chosen Heritage, a subsidiary of J. D. Field, a funeral services company, is offering a pre-paid, pre-arranged funeral plan, incorporating price and quality guarantees.

To join the Windsor Life scheme, a person decides in advance how much cover he wants by choosing from a range of funeral plans, priced currently at between £800 and £1,500, and then pays a premium either as a lump sum or in monthly instalments (there is an upper age limit of 75 if the applicant wants to pay in instalments). The premiums vary according to the insured's age and health. Benefits are payable under the policy either after 20 years, or at the insured person's death. The scheme will pay for funerals conducted by any of 2,250 companies belonging to the NAFD (whose members include an estimated 70 per cent of British funeral directors).

Chosen Heritage, on the other hand, offers a choice between a "traditional" funeral, incorporating a high quality oak-veneered coffin and a range of extra services, and a cheaper "simplicity" funeral. Under the plan, members can pay for the traditional funeral either in 60 monthly instalments of £11, or by a reduced single payment of £615. The simplicity plan costs £510 if paid for in 60 monthly instalments of £8.50, or £475 if paid for in a lump sum.

In return for their money, members of the plan who join before the age of 65 receive a guarantee that a funeral director nominated by Chosen Heritage will provide the funeral they selected, without any extra charge, even if they die before all the instalments have been paid. If they join after 65, they get the same guarantee, unless they die before the instalments are complete. If that happens, the sum they have paid is credited towards the cost of the funeral but the balance has to be paid at the time of the service.

Chosen Heritage—whose plan is currently available only in London, the Home Counties, and the south and west of England—places the sums paid in by members in a trust fund looked after by managing trustees.

Nick Bunker

FOR UK INVESTMENT, MERCURY SHOULD BE YOUR FIRST CHOICE.

The performance of Mercury's UK invested unit trusts is impressive. Over the 12 months to 1st February, 1986, the value of units* in Mercury Recovery Fund grew by 32.5%. Mercury Income Fund units grew by 29.4%. And for Mercury General Fund the growth was 25.7%.

All this while the FT-Actuaries All-Share Index increased by only 16.9%.* This performance is no flash in the pan. For example, £1,000 invested in our General Fund ten years ago would now have risen to £9,370*.

The same amount invested in the FT-Actuaries All-Share Index would have risen to only £5,870*.

With the skills and experience of Warburg Investment Management behind us, you may be forgiven for taking this sort of performance for granted. And with some of the specialist funds proving so volatile at the moment, you could be well advised to fortify your portfolio with one of these funds. Cut the coupon for more details.

MERCURY

MERCURY FUND MANAGERS LIMITED - PART OF WARBURG INVESTMENT MANAGEMENT LIMITED, 33 KING WILLIAM STREET, LONDON EC4R 9AS. MERCURY FUND MANAGERS IS A MEMBER OF THE UNIT TRUST ASSOCIATION.

To: Mercury Fund Managers Limited, 33 King William Street, London EC4R 9AS. Please send me details of Mercury's UK invested unit trusts.

Name _____
 Address _____
 Postcode _____ Telephone _____

*Source: Planned Savings. Figures at 1st February, 1986, on an offer price to offer price basis, with net income reinvested. These figures demonstrate the past performance of the funds and are not necessarily any guide to future performance.

FREE Lloyd's Syndicate Results-1982 IF YOU JOIN THE ALM

This 56-page analysis, covering all 439 syndicates operating in the last closed year of account, will be sent to you FREE if you join the Association of Lloyd's Members now.

For the standard £50 subscription (allowable for tax relief) you also get:

- The analysis of 1983 results, published later this year.
- Regular Newsletters on Lloyd's affairs.
- Access to ALM Meetings in some 20 regions of U.K.
- Competitive quotations for Stop-Loss Insurance.
- Information and help generally.

Send £50 cheque (or US\$75) for ALM membership in 1986, and your copy of Lloyd's Syndicate Results 1982 by return of post, to Association of Lloyd's Members, Lloyd's, Suite B2, Lime Street, London EC3M 7DQ (Tel: 01-423 7190, Ext 4054)

DID YOU TREBLE YOUR MONEY IN 1985? DID YOU DOUBLE YOUR MONEY IN 1985? OR DID YOU LOSE MONEY IN 1985?

Only last year we reported that the best investment was the USM for a long time. It had performed best in 1985, up 50%. Since then it has fallen to over 10%. And we also managed to avoid the pitfall of all the worst performing funds. To find out how we did, complete the coupon below for a sensational free trial offer on our new investment service. You'll see the difference in your portfolio, and take advantage of our special introductory discount.

If you have 1 month to go to the FTIN and the PROFIT back into your investment decision, please forward from details in the 36 page USMOVIC REVIEW.

The USMOVIC REVIEW, 3 Fleet Street, London EC4A 3DF.

Language Courses

Improved facility in foreign languages would help Britain's businessmen redress the imbalance in trade with our major partners. The main problems start at school, however, as Michael Dixon reports

When talking shop is vital

Lorsque nous téléphonons votre standardiste ne connaît pas le français et raccroche le téléphone tout simplement sans chercher. Vous voudrez bien lui expliquer que l'anglais est certes une langue merveilleuse mais pas encore universelle. Si vous voulez continuer à travailler avec l'étranger il vous faudra faire un effort. C'est ce que toutes les autres nations font.

THAT EXASPERATED message was recently teleaxed to a British company by one of its customer concerns just across the English Channel. Both organisations have something exceptional about them. The French one is rare in setting itself to be goaded into open protest by its British supplier's refusal even to try to communicate in anything except English. Most of the foreign organisations which are subjected to such snubs almost every day seem to suffer them

in silence, at least until they can find more considerate communicators to deal with. What is rare about the supplying company with hang-ups on its telephone switchboard is that it apparently took to heart its French customer's advice that if it wanted to go on trading with foreigners, it needed to make an effort to learn their tongues. By contrast most British organisations, not to mention private citizens, close their ears and their minds to suggestions that it is in their own interests

to speak other languages. They seem to take the fact that "it's what all the other nations do" as all the more reason for not doing it. In the process they also close their minds to mounting evidence of the far-reaching costs of their attitude—some examples of which were cited by Professor Nigel Reeves, head of Surrey University's Linguistics Department, during the Institute of Linguistics' Jubilee lecture in London at the end of last year. The starkest is that in 1983, a decade after joining the European Economic Community, the UK recorded its first overall peacetime trading deficit in manufactured goods. The consequent breast-beating, including inquiries by committees of both Houses of Parliament, ensured that the achievement became pretty widely recognised.

What seems to be less well known, however, is in which countries the bulk of the deficit is accrued. In 1984 the leading ten of them were as follows:

Country	£bn
West Germany	5.1
Japan	2.9
USA	1.3
Italy	1.2
France	1.2
Switzerland	1.0
Netherlands	0.9
Benelux	0.6
Finland	0.5
Taiwan	0.4

Hence of the UK's £15.1bn manufactured goods deficit with those leading 10 countries two years ago, West Germany alone accounted for more than a third. It also accounted for more than half of the deficit with the listed countries which are in the EEC, and where community members' manufacturers face no tariffs. The second and third places go to Japan and Italy.

A better balanced trade in manufactures with the top placed trio, or even with West Germany and the other EEC members, would do much to improve the UK's position. Oddly enough, while a lot of people in those countries have taken the trouble to learn English, they would probably still prefer to do business in their own language.

The picture changes somewhat when one looks at the 10 countries with which the UK had the biggest trading surpluses in manufactured goods in the same year. They, and the approximate surpluses, were:

Country	£bn
Saudi Arabia	1.0
South Africa	0.9
Australia	0.7
Nigeria	0.6
Iran	0.6
Irish Republic	0.5
USSR	0.5
India	0.4
United Arab Emirates	0.4
Egypt	0.3

Hence the places in which the UK's overseas manufacturing trade performs best seem to be largely of two main kinds. One consists of countries where English is the dominant language of trade, or at least on an international scale. Of these South Africa, Australia and Ireland are more advanced industrially and Nigeria and India less advanced. (It is true, of course, that the US is high on the list of deficit countries but the UK's manufacturing exports to it are nonetheless pretty high—£5.5bn in 1984 compared with £4.9bn to West Germany.)

The other kind is made up of countries which although speaking different languages tend to be on the pattern of Nigeria and India, in the sense that the UK exports to them fairly sophisticated manufactures while importing more basic goods such as raw materials. In other words, said Professor Reeves, "we remain most successful in countries where the marketing pattern still most closely resembles that established for a century and a half of trading in the old British Empire—either as previous parts of the Empire itself or where English remained the official language of trade."

He also pointed out that the most probable root of the British nation's distaste for learning foreign languages lay in the fact that there was little need to when it could depend on the imperial markets. Yet those days are gone. Scarcely a quarter of UK exports now go to the English-speaking Commonwealth and the US, and they can hardly be relied on to increase sufficiently. The best growth prospects would seem to lie not only in European countries, which account for more than half the UK's total exports compared with less than a third 15-20 years ago, but perhaps still more in newly industrialised countries such as those of the Far East.

In most cases they have distinctly different business cultures to which no British exporter can gain access without competence in the relevant language. What is more, just as the UK's main hope markets are changing, so is the advanced world's understanding of the marketing process. Until fairly recently the generally accepted notion was that successful marketing depended on companies' engineering an appropriate "mix" of mechanical factors such as price, product, place and promotion, with the interactions between the personalities involved mattering relatively little.

The old notion has now been challenged by researchers such as the International Marketing and Purchasing Group, which has members in five European countries, its British base being at the University of Manchester Institute of Science and Technology. The new research indicates that the marketing process is much more influenced than was previously thought by the people from the various organisations who are taking part in the deal, and especially so in industrial markets and those which cross national boundaries. Indeed the five-nation group claims that the greater the cultural distance between the parties to the business the more important it is for each to devote to it a sufficient number and range of staff able to establish personal understandings with their counterparts on the other side.

One problem is that several studies have shown that British industry tends to be considerably more generous with the number, range and seniority of the people it devotes to domestic market transactions than it is in staffing its export efforts.

Another drawback for the UK in a process evidently so heavily dependent on good communication is of course

Britain's general deficiency in foreign-language skills. Evidence of the key link between linguistic competence and success in selling and purchasing overseas has emerged from a further study by members of the five-nation group. They asked marketing and buying specialists in each of the countries for their impressions of the people they dealt with in the other four. There was general agreement about the typical British operators.

While they received high marks for trust, friendship and likeability, they were considered to have four weaknesses. One was a serious lack of understanding of how foreign companies work. A second was a tendency to be inflexible particularly about changing their accustomed procedures. Another was a shortage of interest in joint product development with overseas companies, and in making follow-up studies of how their products are used. The fourth was a lack of the skills required in understanding buyers' problems or analysing customers' needs.

These add up to what can only be called an insularity of attitude. Professor Reeves declared. "The authors of this



Professor Nigel Reeves: the costs of not learning foreign languages are far-reaching for industry

study blame the failure of British marketers to adjust and even want to adjust to non-English-speaking overseas markets and business cultures squarely on incompetence in foreign languages. This does seem to be the missing dimension."

He does not view the outlook as entirely bleak, not least because a fair number of British companies which have seriously taken up the language-learning challenge have recorded impressive progress. A prominent example is Jaguar which in 1984 achieved a 60 per cent increase in its sales in West Germany.

Part of the company's success undoubtedly lies in its great improvements in quality control, but another part is likely to be its effort to develop key staff's skills in foreign tongues—especially German—as an element of its extensive company training programme. Another encouraging sign is the widespread development in the UK of courses concentrating on teaching other nations' languages as tools of communication, as distinct from the con-



ventional kind which concentrate on them as vehicles for the study of literature. Moreover many of these more practical courses are based on apparently promising new developments in the theory of how people can best acquire foreign-language skills—which will be outlined in a later article in this survey. But here again there are also weaknesses. A fundamental one lies in the formal education system. Of the children who study other tongues, and the proportion is far smaller in Britain than in a good number of competing countries, nearly 90 per cent take up French. But only 5 per cent start German, despite that country's top place in the UK's manufactured goods deficit table.

The study in schools of other important languages such as Spanish and Italian seems if anything to be declining, perhaps as a result of cuts in educational spending. There is evidence, too, that Britain's production of graduates in Japanese, Chinese and Arabic falls far short of the economy's requirements.

Besides, the bulk of language courses provided in schools and higher educational institutions are still of the conventional academic kind which concentrate on literature-based studies. While many school staff would like to change to more practical kinds of teaching, the necessary skills are often outside their experience and systematic retraining on any major scale is also deterred by the spending cuts.

Nor do such teachers get much return from their efforts to learn about the language needs of British business. There is no lack of supposedly joint academic-industry conferences and seminars. But as a rule the academia-industry conferences outnumber the business people who can be bothered to attend. The sad truth is that a decisive proportion of the people who influence the UK's affairs still have their minds closed to the importance of competence in foreign languages.

As Professor Reeves said, the national linguistic deficiency is historically so deep-rooted that it is barely noticed. The key question is whether the necessary majority of Britain's leaders will wake up to it before the country's position in the world trade league becomes too low to be recoverable.

When we ring up your switchboard operator does not understand French and just hangs up. You ought to explain that English is certainly a wonderful language but not yet universal. If you wish to continue working with foreign countries you must make an effort. That is what all other countries do.

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Teaching methods

Motivation plays stronger role

EVERY dozen years or so, journals in various parts of the world produce stories to the effect that somebody has developed an effortless way of learning languages.

The key to it was reputedly that the student linguists were kept totally relaxed. They slouched in easy chairs, soothing music playing in the background, while their tutor read the study text three times over: first quietly, then loudly, and again in a whisper.

But while language-learning remains essentially a chore, the most recent extensive survey of training for exporting work has revealed some encouraging advances in technique.

Another thing which many if not most recipients of the old style of instruction may have every reason to remember is that for practical purposes it did not work too well.

As the survey report notes, the grammar-based style—which still underpins the bulk of language teaching in British schools—was in accord with classical tradition and certainly served as a stimulus to mental rigour.

Consequently the teaching not only can but must be divorced from the traditional grammar-based school of language instruction.

The report goes on to lay much of the blame for such ill effects on the artificiality of the old style of teaching.

Another important point is that the "crash" type of course is thought to be inappropriate for fully effective use of the latest techniques.

The crash course is not the only teaching device which, although highly trendy only a few years ago, is having its value challenged by the changing practices.

On the other hand increasing value is being given to other technologies: audio, radio and better still television programmes, particularly those made entirely in the language being studied in authentic circumstances.

But there is believed to have even greater potential in computer assisted study.

Computers also offer a further, more fundamental advantage. However hard and ingeniously a tutor tries to keep up students' motivation by making the context of the learning realistic, a simulated setting must always be detectably different from the actuality.

Another key factor is that the students' progress is assessed by their ability to operate in the language at successively more demanding levels of practical competence.

To attain such a level they may, for instance, have to demonstrate that they are capable of communicating non-professionally with foreign-language speakers in everyday situations on topics of general interest.

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The BBC programme Russian Language and People was designed to teach a little Russian and look at daily life in the Soviet Union

they really want and need to understand and express, motivation is apt to fall off. Self-consciousness can increase leading to a fall in self-confidence, which in turn generates more self-consciousness and so on round again in a declining motivational spiral.

Fortunately, computers can help to counter that tendency by enabling students to treat learning exercises as a game played in private between the computer and themselves. In sum, the study can be turned into fun.

Michael Dixon

English for foreigners

UK sets high standards

HOWEVER hard the British are speaking other nations' languages, they have a claim to be the world's best at teaching their own to foreigners.

Indeed, if the UK's economy is suffering because of its citizens' linguistic laziness, some of the blame must be laid on the country's schools specialising in teaching English as a foreign language, known as TEFL schools.

Most business people's excuse for not learning other tongues is to say they can do perfectly well without them because English is the business language of the world.

Nobody knows precisely how many of them there are. Like hutteries, a good many come into existence only for the summer.

Compared with the general

English sector, the specialist operations seem to be holding up better. The indications are that their market has not declined but diversified.

But such declines are not being felt by everybody, not even by schools teaching solely general English.

Part of the difference from one individual school to another is probably because the TEFL community has considerable variations within it.

With the VAT is supposed to be paid by schools which operate on the UK mainland even if they are owned abroad.

There are nevertheless signs

to run their UK-based courses at lower prices than those of their British-owned competitors.

TEFL businesses also suspect that they are suffering at governmental hands through the rapid growth of competing courses in public-sector colleges.

Their representatives are compiling evidence of fee-subsidising and VAT-avoidance to submit to officials.

There are nevertheless signs

that overseas TEFL is now cutting the demand for courses on the UK mainland.

Not all overseas-based TEFL represents a loss of business to British operators.

One self-exporting tutor I met on a cross-Channel ferry recently was on his way to join the Manchester School of English in Spain.

When I said so to the outward-bound tutor, however, he gave me a stern look.

There are nevertheless signs

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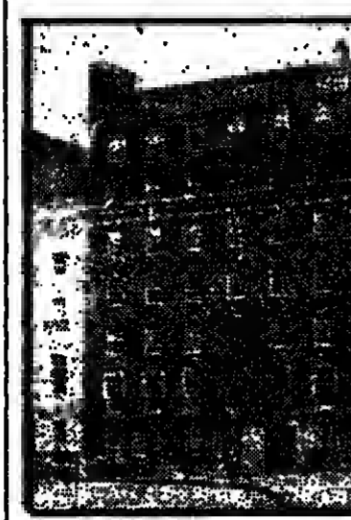
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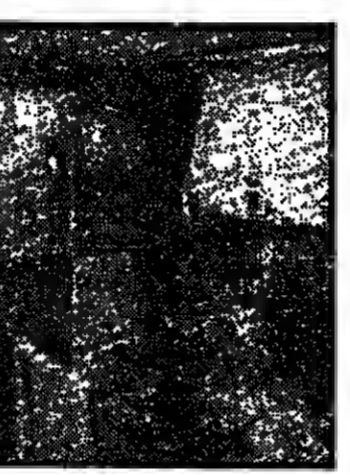


Three bedroom, 2 bathroom flat at Rosebery, Charles Street, W.1, for rent at £700 a week

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Apartment with 2 bedrooms and 2 bathrooms in Grosvenor Square, W.1, to let at £700 a week

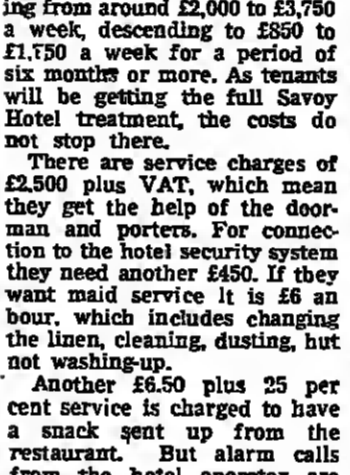


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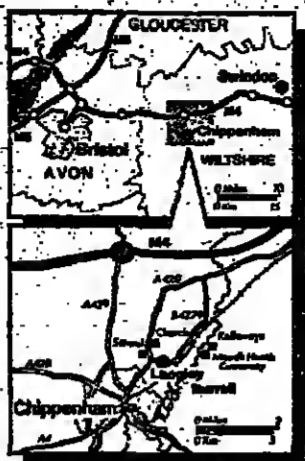
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Handwritten note: "The marmot of truth on skis"

TRAVEL · MOTORING

Anthony Greenstreet discovers Victorian Wiltshire
Gems in a churchyard

HOW MANY people, tearing down the M4 west of London, know the charmed land lying three miles south of Junction 17? The magic is loosed through the diary of Francis Kilvert, a Wiltshire curate in Victorian times.



12. named Limpdy Buckland; with the other pall-bearing boys, he received a shilling from her mother.

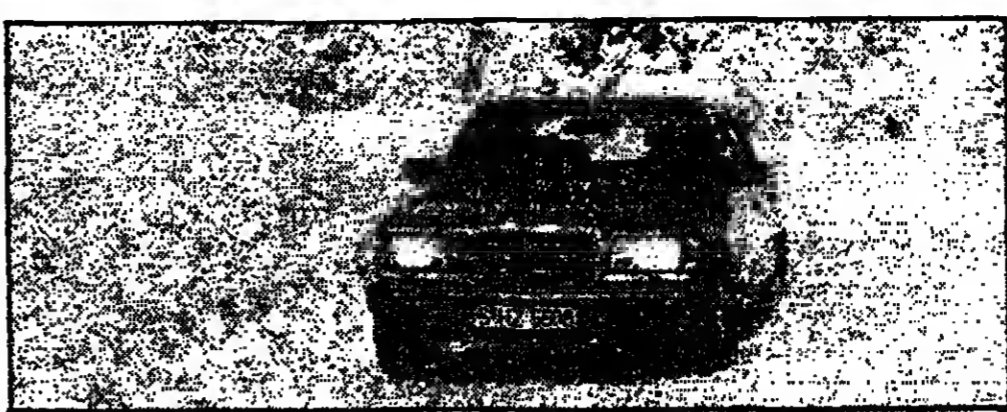
blooms, cleverly whitened with flour, looked just like white flowers. Behind Squire Ashe's pew is the grander marble to his daughter, Thermthis.

Continue to Kellaways Mill by the Avon. From here, an exquisitely named pauper brought watercress to the rectory.

By the bridge is an arched stretch of Mound's Heath Causeway, a Wiltshire wonder.

Haste traveller, the sun is sinking now— He shall return again—but never more.

You might think this charmed land irrelevant to today's affairs; but not quite so. In Langley Burrell lived a Mrs Daniell. On January 25 1871, she told Kilvert about the village's five courtesans and likeable Japanese pupils.



Acceleration skid control (ASR) prevents the drive wheels of this Mercedes-Benz 500SE from losing grip and sliding sideways as it is powered through a snowy bend

Mercedes gets a grip

ELECTRONICS are undermining expertise. Pocket calculators have made mathematicians let people who know nothing of photography take perfect pictures.

At least they will if the car is a Mercedes-Benz. While other makers have been rushing into full-time four-wheel drive as a means of putting engine power safely on to low grip road surfaces, Mercedes-Benz has begged to differ.

four-wheel drive has weight and cost penalties and not everyone needs it all year round. Cars need differential gears on their drive axle because the wheels have to travel at different speeds on corners.

When the rear wheels are going faster than the front ones, ASD partially or fully locks the differential, releasing it when the rear and front wheels are turning at the same speed again.

drive wheel is spinning due to excess power. First the brake on that wheel is applied, then the engine speed is reduced until grip has been restored.

All of this sounds rather complicated and I suppose it is, but the various actions of ASD, ASR and 4MATIC require no action on the driver's part and they take place many times a second if needs be.

speedometer dial, telling him or her that but for the help of electronics, the car would be slithering to a standstill or sliding out of control.

What happens then is up to the driver. Wise ones will be made aware how tenuous is the grip between tyre and road and ease up accordingly.

All the systems are used in conjunction with ABS brakes, which Mercedes-Benz rightly regard as essential in a vehicle which can be driven at fairly normal speeds on low grip surfaces.

So much for the theory. In practice, I found a Mercedes-Benz 500SE with ASR (acceleration skid control) and a 500E with ASD (automatic locking differential), safe and easy to handle on ice at speeds which made them uncontrollable with the systems switched off.

The three new systems are unlikely to reach Britain before the end of this year or early 1987. ASD (automatic locking differential) will be offered initially on the compact and medium-size saloons and the forthcoming estates; ASR (acceleration skid control) on the V8-engined S-Class cars; and 4MATIC on the 6-cylinder petrol- and diesel-engined medium-size cars and estates.

British prices will not be known for some time. In Germany, where the systems will become available in the autumn, ASD and ASR are relatively inexpensive—ASR adds around £1,000 to the price of a V8-engined S-Class saloon. The 4MATIC system is dearer, boosting the price of a 6-cylinder mid-range saloon or estate by something like £3,500.

Arnold Wilson reports from Switzerland

The marmot of truth on skis

SKIERS be warned: if you molest a marmot in Switzerland, it could cost you SwFr 400 (about £136). And if you are skiing at the "glacier village" of Saas Fee, then be extra careful—because one of the lower runs takes you right through a marmot reserve.

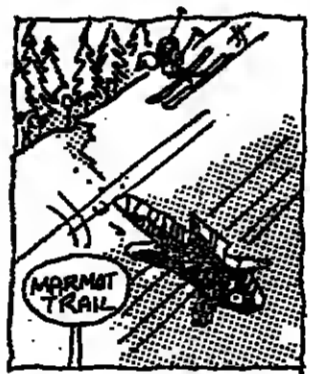
The marmot, a sort of squirrel-like beaver, is a protected species in Switzerland. Normally, they hibernate in winter but they can wake up early.

crevasses, which are both sinister and beautiful.

However, there are special problems at Saas Fee. Because glaciers are always on the move, it is usually impossible to build permanent pylons to support cable cars and gondolas (the resort has 23 lifts serving 80 kilometres of prepared runs).

There are ways round this. You can build a "chairlift" that is independent of pylons—really a "piste-basher" in disguise—which simply takes people up the mountain like a bus. Or you can build an underground railway that cuts through the rock and is therefore not at the mercy of a marauding ice-field.

The train, the Metro Alpin.



was inaugurated in the winter of 1984 and is the highest underground funicular in Europe. It has opened up an extra 20 per cent of skiable pistes and takes you up to the Mittelalpin area, to 10,500 ft. Near the top station is Europe's highest revolving restaurant, which opens this summer.

restaurant, which opens this summer.

One of the snags about super-imposing a skiing area onto a glacier is that you have to make allowances for the ice instead of the humans—unlike the French purpose-built resorts, which are not as pretty as Saas Fee but are at least built to give skiers maximum ease of movement.

When Thomas Cook took us there, Switzerland had been rather starved of snow and Saas Fee was one of the few resorts in the country to have plenty. This is one of the major advantages of a glacier-based resort: because its high snow fingers throughout the year (which of course is how the glacier formed in the first place). So there is a permanent base.

A good skier will ski the resort out before the week has ended, but for beginners, intermediates and lazy experts, Saas Fee on a clear day is absolutely enchanting. You can ski in summer and winter on the Egginerjoch. But mind the marmots!

VW joins 4-wheel fray

AUDI pioneered volume production permanent four-wheel drive with the original Quattro turbo-coupe, now six years old. Now the Volkswagen branch of the family has joined with a rival system, or, strictly speaking, two rival systems. Both make use of a British invention, a viscous coupling, which transmits as much or as little power to the second pair of driven wheels as conditions demand.

Range Rover price class at more than £14,000. It rides beautifully on or off the road, is hardly any thirstier than the standard vehicle and is a practical large estate car substitute. The all-wheel drive is automatically brought in when needed. A similar system, but with the front wheels doing most of the work for normal driving, not the rear, is now available on a 90 horsepower version of the Golf hatchback.

Trying the Golf Syncro on some very icy roads in Sweden, I found it exceptionally well balanced. It could be driven with complete security at near-normal speeds on unstudded winter



tyres. When it reaches Britain early next year it will cost about £2,000 more than an equivalent front-wheel driven Golf but this premium will include the Syncro transmis-

sion and ABS brakes, the latter essential if all-wheel drive's potential is to be exploited properly.

Stuart Marshall

Holidays and Travel

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Institut Le Rosey. 1180 Rolle (Lake of Geneva), Switzerland presents a prestigious Summer Camp. For boys and girls 9-16 years old from 6th July to 28 August 1985. Beautiful chalet setting and watersports centre. French, English, German and Computer classes. 17 sports to choose from. A wide variety of activities and excursions. 1-2 day cruises on the 38 ft sailing yacht. An optional 1 week cultural tour of France.

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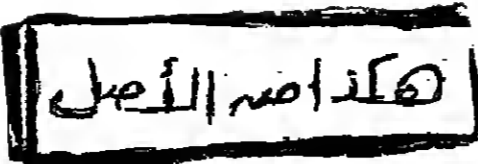
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DIVERSIONS

Good hunting for antiques

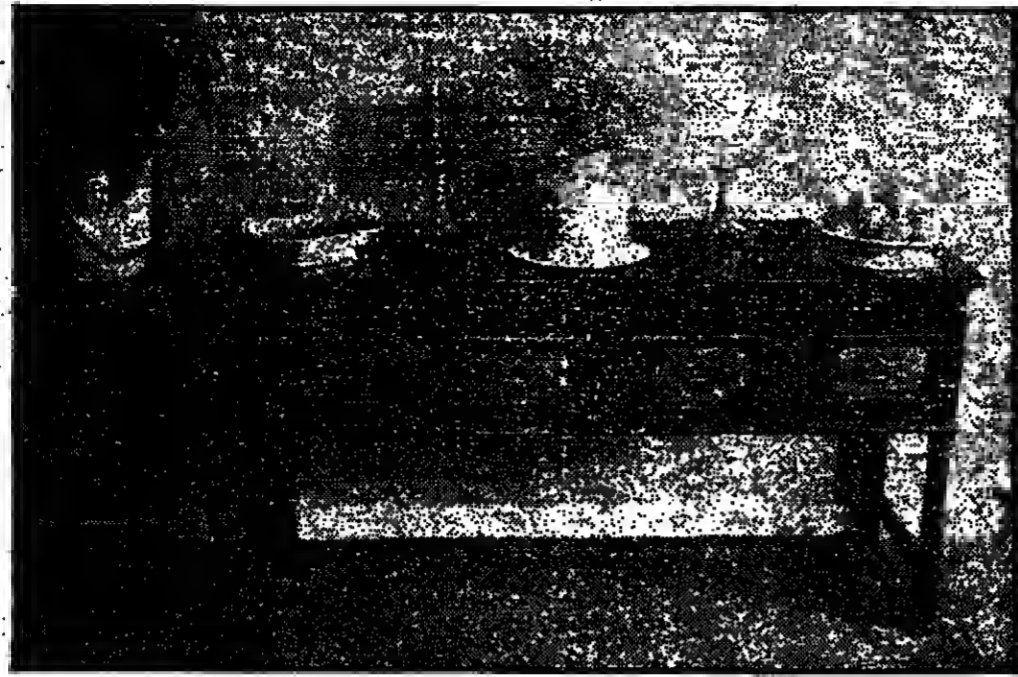
BUYING antiques, we all know, is fraught with problems. Apart from worries about how genuine they are and how much restoration work has gone into them, there is the bigger problem of actually tracking down the piece you are after.

Everybody who has anything to do with the trade reports that last year the strong dollar made our prices seem to Americans even more like giveaways than ever before, and that a bigger-than-ever contingent of our antiques made their way across the Atlantic.

If there is a particular piece you are thinking of buying, or a gap in a room you wish to fill, the best advice I can pass on to you is — buy now. If one thing is certain, it is that prices never seem to go down. The more the British are encouraged to care for and buy their own antiques, the less of our fine furniture will disappear from our shores forever.

If you do not have your own favourite source of antiques let me bring to your attention two ways of buying that may smooth the path.

First let me introduce Sally-Anne Duke and Carola Sutton of Antique Discovery. Some readers may remember that I have mentioned them briefly before.



Above: the antique sideboard tracked down by Antiques Discovery. Right: an 18th-century eight-day long case clock from Gastrell House

Just to see how the service worked and whether they could find for me a piece I was having particular trouble tracking down. We wanted a side-table or sideboard to fit into a smallish dining-room with an eclectic collection of furniture.

It did not take long before Antique Discovery came up with the first Polaroid — it looked too ornate and baroque for my taste, so we did not even bother to go and see it.

This time it was a 1680 dark pine sideboard with two drawers and fine original brass handles. We set off to see it, and it did prove to be exactly right.

The service had saved hours of tramping around antique

shops (marvellous if you have the time and know-how — we had neither) and we had ended up with a piece that was right. It had been comforting for us to feel that our interests were being looked after by people who knew what they were at.

If you are looking for a piece that turns out to be beyond your price bracket, the two girls are very adept, by now, at advising what the next best thing would be. For instance, they are often asked for mahogany dining-tables with a pedestal base, capable of seating up to 10 people.

Many of their customers are, therefore, advised that they would be better to go for a piece that is not entirely authentic, where, perhaps, a new pedestal base has been skillfully added by restorers. There are small decorative objects like clocks, paintings, rugs, china, and the like.

The service the girls offer is personal, it is helpful and it is very efficient. Antique Discovery is at 22, Narbonne Ave, London SW4. Telephone 01-372 1193.

Gastrell House of 33, Long Street, Tetbury, Gloucestershire offers another kind of service — selling antiques by mail.

Infinitely, would-be buyers should subscribe to the service which costs £25 for 10 mailings (over about a year). For this the subscriber receives, roughly once a month, a full list of all new items in stock, and each piece is accompanied by a clear colour photograph.

Those of a more cautious disposition can drive to Tetbury, visit the shop and examine the piece in close-up. The shop specialises mainly in English furniture from 1700 to 1850, with particular emphasis on George II, George III, and Regency pieces.



who does not see what they want on the mailing list or in the shop can ask Gastrell House to look out for what they need, if and when it is found they will be sent a full description and a colour photograph.

SAFARI-BOUND readers may remember that a few weeks ago I wrote about a small "zoo" of a catalogue produced by a company with the improbable name of Banana Republic.

A CHARMING present at any time of year are personal bookplates. Anybody who has lent a treasured volume and never had it returned will know the feeling of rage and loss — at least a book marked with a bookplate leaves something to remind the culprit of his crime.

Barbara Usherwood does decorative book labels to order. Her style is strong yet charming, usually she uses a single image like a teddy bear, an elephant, a house, a beehive or a tree, which gives

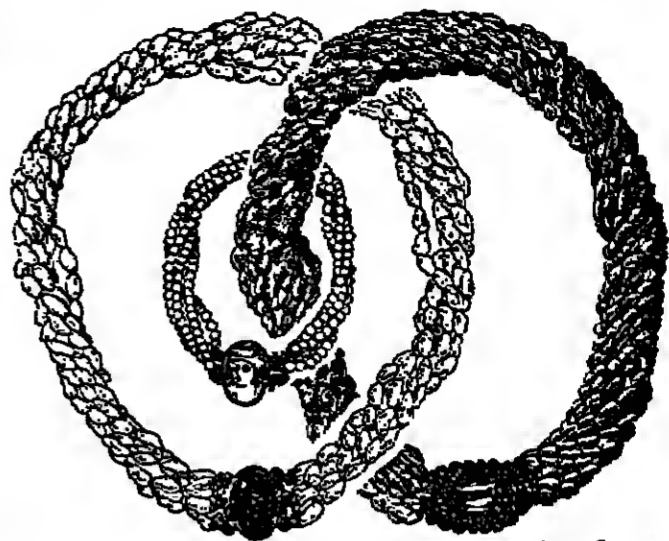


maximum decorative impact in the small space a book label allows. There is a choice of 25 different designs, each of which includes the name.

A box of 100 labels, each measuring 55 by 42mm, costs £6.95 (including postage in the UK). If you want the plates for a special day you will have to allow 28 days for the order.

Write for the booklet of designs and for orders to Barbara Usherwood, 5, Summerhill Terrace, Newcastle upon Tyne NE4 6EB, enclosing a sac.

Sidelines



James Ferguson

GLORIA FINN has a collection of antique Victorian and Georgian clasps. Readers can choose one and then play a necklace or bracelet of their choice round the clasp.

But best of all she likes making necklaces to special order, and any reader can go along, survey the collection of clasps and then ask for the necklace or bracelet of their choice. Sketched with the others above is a Victorian amethyst and pearl clasp and grey freshwater pearls (£375).

Knitters who wonder why the finished garment never quite fits probably know that each knitter is known to knit to her own "tension" and this can produce marked variations in sizing.

a computerised knitting pattern service to solve this problem. The knitter knits a tension square which is measured and the number of stitches and rows per inch are fed into the computer.

The computer has to feed in information on pattern and yarns and in less than two minutes the computer issues a pattern entirely geared to the individual's own requirements. The service costs just 95p

IAN MANKIN, whose shop on Primrose Hill specialises in inexpensive fabrics, goes from strength to strength. Having reminded us of the almost forgotten delights of unbleached cotton, muslin, ticking, Goyl cotton (in glorious colours), towelling and cord, he now (by popular demand) is expanding his range of ticking.

Ticking might be said to be the star of the collection; he has had two colours manufactured exclusively for his shop. Both are gentle and eminently easy to use — soft grey and a Westwood blue. They are fully brushed and have a softened finish, so they can be used for curtains, upholstery or even clothing.

Swatches can be sent to readers in return for a self-addressed envelope. The price is £5.50 a metre for fabric 48 ins wide.

Visit or write to Ian Mankin, 109 Regent Park Road, Primrose Hill, London NW1 6UR.

L.v.D.P.

Pine pieces painted to order

NOT EVERYBODY is looking for a normal piece of antique furniture — a decorative piece could be more what you are in mind. If so, Old Pine's Painted Furniture at 571 and 594 King's Road, London SW6, might be the place for you.

Old Pine has been selling antique striped pine to the trade and the public for several years now, but it has just started a new service offering any of its furniture charmingly painted with flowers, plants, birds or whatever else a customer fancies.

The idea, of course, is not new — rustic furniture from Austria, Switzerland and Scandinavia has long been a repository of authentic folk art, with certain pieces being lovingly embellished by hand so that no two were ever quite alike.

Here, too, the re-discovery of all the old painting methods — dragging, stippling, marbling et al — has been applied, with even more radiant results, to the cabinets. Old Pine offers easy access to this sort of innocently pretty furniture.

It has a regular supply of ready-painted furniture in stock which can be either bought or just use to get their eye in. Meanwhile, up in Warwickshire



Just two examples of the painted furniture at Old Pine — a linen press at £1,200 and one of a set of eight chairs which are £1,200 the set

are two talented women who combine looking after families with embellishing any of Old Pine's stock of furniture to order. Customers can choose a piece, bring in a piece of fabric and then ask for the furniture to be decorated in colours and the same sympathetic to the sample. If they see a design they like on a piece of furniture in stock, but want it in a different colour, that can be easily organised.

I like the idea because it gives a new lease of life to

Furniture in the saleroom

Lots of good old England

A FEATURE of the fine art salerooms in the last year or so has been the interest in things English. Paintings, watercolours, silver and furniture, in fine condition and of good quality, have become much sought after.

Next week it will be the turn of English furniture to test the market, with Phillips holding its routine sale on Monday, and Christie's and Sotheby's having better than average auctions on Thursday and Friday.

can be trickier but anything with a good provenance and from a famous house is sure of fierce bidding. At its April sale Christie's is offering a pair of mirrors from Harewood House which can be confidently attributed to Thomas Chippendale.

The early 19th century tables made by Jupe, who managed to produce large circular tables built on one pedestal, have for long been a saleroom phenomenon. In the last few years their price has been falling rapidly but Sotheby's managed a record £38,000 for one in the autumn, and it has another on offer next week at £15,000-£25,000.

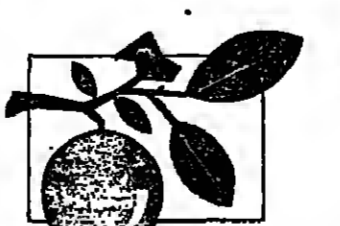
Castle state bed made for the extravagant Thomas, 5th Lord Fairfax, around 1710. It still retains some of its original yellow silk hangings but prospective buyers should note that the bed has no post at the foot; it is actually suspended from the ceiling, so you need a tape measure to ensure that it is as tall as your bedroom, or else you will need to suspend it.

When Christie's sold it at the Wateringbury Place auction of 1973 it made £7,500. Sotheby's expects £15,000-£20,000, but it is one of those items which could make much more — or attract no bids.

Cooking

Marmalade days are here again

aromatic Seville for their special zing. You can use half a lemon and half a sweet orange instead, and most people do most of the time, but the subtle nuance of the real thing. With this in mind, I think it is well worth freezing a few bitter oranges for use later in the year. (The taste remains true but pectin content is reduced by freezing so you will need to add liquid pectin or to use pectin enriched sugar if marmalade making with oranges that have been frozen.)



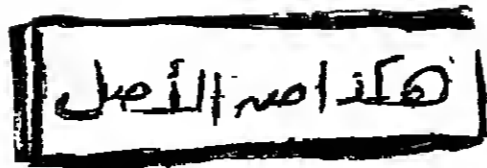
for rich wintry fruit salads or soft-textured low-fat foods made with Greek yoghurt or fromage blanc instead of whipped cream.

One of my most successful recent experiments has been to use bitter oranges in place of lemons to make a fruit curd. The idea seems obvious enough but I have never come across it before. I recommend it. Seville orange curd tastes delicious and the bonus is that this preserve, unlike marmalade, takes next to no time to make.

Advertisement for David Morris Jewellers. Text: WE ARE NOW ABLE TO OFFER INTEREST FREE CREDIT ON ALL WATCHES. DAVID MORRIS JEWELLERY AND GIFTS IN EXCESS OF £300 NO DEPOSIT REQUIRED. Includes image of a Rolex watch.

Advertisement for Scandinavian World Furniture. Text: DANISH QUALITY BEGINS AT CROUCH END LONDON'S HOME FOR TEAK AND ROSEWOOD FURNITURE. Includes image of a fish logo.

Advertisement for Financial Times Report Clocks and Watches. Text: FINANCIAL TIMES REPORT CLOCKS and WATCHES. To be published on SATURDAY 19th April 1986. For details of Advertising Rates please contact JULIA CARRICK 01-489 0029.



ARTS

Theatre

Dog days in a nuclear wilderness

THE LANDSCAPE of Russell Hoban's novel Riddley Walker...



David Threlfall as Riddley Walker with the pack of killer dogs

Practical problems abound. The adolescent hero runs with a pack of dogs and befriends an...

which the rulers entertain the people; part ritual, part indoctrination...

Riddley on, in place of the book's emphasis on his own intuition...

to pack into two and a half hours. The sense of loss comes over...

overcome by the spiritual energy in the heart of ruined...

the figure of death, Auntie, in the book described only in terms of legend...

Inevitably some of the book's cumulative power is lost in the theatre's need for narrative movement...

The novel brilliantly conveys the need for religion in its merging of Christ with the atom...

Berlin Film Festival

From the sublime to the near-hysterical

FEDERICO FELLINI, European cinema's answer to the US...



Fellini's "Ginger and Fred," standard-bearer of the festival

In his new film Marcello Mastroianni and Giulietta Masina play the two ageing ex-hoofers...

when it reaches Britain. Sarcasm less eagerly awaited in Berlin was Derek Jarman's...

for what might be called (by some) a Brechtian approach, in which one dry didactic tableau...

between Venice (September) and Cannes (May), always has its share of overtures that seem...

when he discovers he cannot beat his wife and decides to join her instead...

ROSSINI: IL VIAGGIO A REIMS

Ricciarelli, Valentini Terrani, Curbelli, Gadda, Ariza, Dara, Marchi, Corbelli/WDR-Chor...

Records

Rossini's flop revived

openly designed to flatter the sovereign as a prologue by Lully...

different ways Verdi's La traviata and Offenbach's La vie parisienne were to be...

man Radio (Cologne) performance with Gabriele Ferro conducting the Capella Colonensis...

ROSSINI wrote Il viaggio a Reims, an extraordinary opera, for the coronation in 1835 of Charles X of France...

The argument of the "scenic cantata in two parts," here presented as a six-sided one-act, is slight...

It used to be assumed that the best of Il viaggio went into Op. 67, but that is not entirely true...

Once again Valentini Terrani fines down her large, rich, beautifully controlled voice for the intimate pages...

Near-oblivion: overlook Il viaggio until recently when scholars began to track down material in France, Italy and Austria...

Later comes the shocking news that no horses are to be found for the journey to Reims - ensemble of stupefaction for 14 solo voices...

The CBS La cenerentola, like L'italiana in Algeri reviewed here last March, is a West Ger-

The "heroic melodrama" Toncredi, an extravagant tale of romantic chivalry, was Rossini's first great international success...

Royal Academy

The business of survival

IF THE PRIME Minister has a favouring among the nation's leading arts organisations it surely be the Royal Academy...

are below forecast. Without the support of over £100,000 from NatWest, the RA would be making a nasty loss.

into any spare space in the RA. His desire to integrate artists with the real world has been best exemplified recently by the decision of London Transport...

Yet a few years ago the RA was almost falling down. Its economic transformation owes much to the success of its £5m appeal launched in 1982...

Ideally the support of a sponsor, especially in such back-up activities as advertising, helps boost attendance to break-even point or better...

Perhaps Roger de Grey's main preoccupation is the Summer Show, for long the public face of the RA. Last year it attracted 145,000 visitors...

But the RA has not relied just on self-help. It has deeply involved the business world in financing its work...

After a belated tribute to Sir Alfred Gilbert, best known as the sculptor of Eros, there will be shows of three contemporary British architects...

But de Grey shows his own preoccupation most effectively in his efforts to squeeze displays of contemporary artists

The need for sponsors to back exhibitions is demonstrated by the current show at the RA, of the work of Reynolds...

At the moment the Summer Show certainly sits like a rather old, eccentric and potentially embarrassing relative among the thrusting yuppies of a prosperous RA.

Antony Thorncroft

Radio

Brass and class in conflict

RADIO 2's selection of Jazz Classics in Stereo last Sunday featured the player I have been waiting for...

Radio 3 on Sunday with Karl Sternbeim's The Fossil. Sternbeim hardly belongs in the Weimar period...

(Cheryl Campbell, sounding like a headmistress) is the force he throws into the field, after I thought, rather too much preliminary reconnaissance...

No wonder festivalgoers at Berlin, most years, tend to reel punch-drunk out of the main competition and seek solace elsewhere...

The 10 numbers we had varied from Bix's own 12-man band in "Deep Down South," where at least eight players are still recognised as stars...

This kind of violence was not quite the target of the listeners whom Christopher Dunkley noted in Fedcocks...

Alexander Kluge's The Past and the Present is a typical potpourri of fiction and film essay, as Germany's veteran New Waver...

Beeskow's daughter Urusla

B. A. Young

Nigel Andrews

romantic chivalry, was Rossini's first great international success. Stunpedly neglected by our major companies, it remains a work of charm, delights and surprises...

This is a live recording made by CBS and Font-Cetra at the Teatro La Fenice in Venice, where Toncredi was first performed...

As Tascaris beloved but supposedly false Amelaide Lella Curbelli is sweet, fleet and steady. Thetener Ernesto Palacio as Amelaide's father is dryish, the bass Nicola Zaccaria as Tascaris' rival Orbazano is woolly...

Ronald Crichton

3 MAJOR INTERNATIONAL AUCTIONS OF THE UTMOST IMPORTANCE AND URGENCY. AN ISLAMIC COLLECTION OF PERSIAN CARPETS. Includes details of auction dates and locations.

Amsterdam (Dam Square) Oude Kunst in De Nieuwe Kerck. 4th ART AND ANTIQUES FAIR. 27th Feb - 9th March 1986. Information: 020-238904

CHRISTIE'S - The right place for Furniture. Hugh Roberts, 8 King Street, St. James's. Also Art Galleries section with various listings.

